Principles of Corporate Social Responsibility (CSR)

A guide for students and practicing managers in developing and emerging countries

Edited by
David Katamba  Christoph Zipfel  David Haag  Charles Tushabinwe-Kazooba
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We dedicate this book to all the students, practicing managers, civil society organizations, companies, foundations, and development agencies that have committed themselves to ensure the existence and prevalence of corporate social responsibility.
Special tribute to Mrs. Jean Hensley Kekaramu, who never saw the final output of this book. She died on Friday, 25th November, 2011, just before this book was out of production.
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Foreword

The 20th Century leading Management Guru, Peter Drucker, once said \textit{business should not only address problems of society but should also ensure that its activities that impact on society negatively are addressed}. Drucker’s views contrasted with the views then that business had no business with society’s problems. This view only led to the increasing demand by society on business not only to do good on society but to ensure that it did not impact on society negatively. This highlights the importance of Corporate Social Responsibility (CSR).

Today CSR is not philanthropy. It is a conscious effort by organizations to make sure that they address the challenges that society faces. CSR is bordering sustainable development where business not only act responsibly in terms of ensuring sustainability of resources but also generally improving society where the businesses exists. There is demand now that all businesses incorporate CSR in their strategies. This book gives an overview of CSR and provides an understanding of the practice of CSR not only for students but also for practicing managers. The book indicates how CSR can be incorporated into strategies of organizations, how CSR can be implemented, and also has insights into international practices.

I wish to pay tribute to the authors primarily Mr. David Katamba whose life in the most recent years has evolved CSR. He has championed it, he has lived it, and he is now writing about it. My congratulations to the authors and publishers of this book, \textit{“Principles of Corporate Social Responsibility: A guide for students and practicing managers in developing and emerging countries.”}

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Acknowledgments

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We thank Mrs. Sabine Gisch-Boie. While still working as a PPP-CSR Coordinator at GIZ, she inspired the editors to the process of writing this book. She welcomed an idea that a “CSR curriculum ought to be developed in Uganda, with possibility of extending it to other related countries.”

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List of Acronyms

BSR: Business for Social Responsibility
CC: Corporate Citizenship
CERES: Coalition for Environmentally Responsible Economies
CSR: Corporate Social Responsibility
DED: Deutscher Entwicklungsdienst (German Development Services)
EC: European Commission
EU: European Union
FUE: Federation of Uganda Employers
GOU: Government of Uganda
IBLF: International Business Leaders Forum
ICGU: Institute of Corporate Governance of Uganda
ICKM: International Conference on Knowledge Management
ISO: International Standardization Organization
LEU: Living Earth—Uganda
MUBS: Makerere University Business School
NEMA: National Environmental Management Authority
SME: Small and Medium-Sized Enterprises
UCCSRI: Uganda Chapter for Corporate Social Responsibility Initiatives
UIA: Uganda Investment Authority
UMA: Uganda Manufacturers Association
UNDP: United Nations Development Programme
WB: World Bank
WBCSD: World Business Council for Sustainable Development
Introduction

Principles of Corporate Social Responsibility (CSR): A guide for students and practicing managers in developing and emerging countries, is a book that can be used to teach a thirteen-week course unit at undergraduate level, or it can be used by practicing managers to understand the practice of CSR. It is founded on the premise that businesses and organizational activities are organized and conducted for the purpose of making money for their owners, as well as members of the public who have invested in the company (shareholders). The emerging concept of Corporate Social Responsibility (CSR), however, suggests that businesses and organizations also have obligations and responsibilities to the many other entities affected by their decisions. These entities are called “stakeholders” and include employees, suppliers, customers, communities and even the environment. Therefore, this course unit intends to equip students (who are the future) and current managers with skills of how to integrate CSR into their business strategy and operations. It starts with defining CSR, then shows how to get involved in CSR, communicating CSR activities to stakeholders and tracking CSR performance. It concludes by offering students practical skills in designing CSR strategies and using them for enhanced competitiveness, as well as tracking—assessing and measuring the performance of CSR programs. Students are also taught about international bodies that provide guidelines and benchmarks for CSR activities, the UN Global Compact, Global Reporting Initiatives, as examples.

LEARNING OUTCOMES

Students or managers who successfully complete this book should be able to perform the following:
1. Observe and integrate corporate social responsibility principles in their work places
2. Spread CSR awareness to others who have not had the opportunity to obtain it from this book or a class
3. Influence their organizations to adopt CSR in their core values and actually allocate a budget for its implementation
4. Link CSR to business strategy and see the competitive advantage of CSR for the company
5. Appreciate and participate in CSR activities in their communities
6. Promote ethical behavior both at their work place and among their communities

OBJECTIVES OF THE BOOK
1. To introduce the reader to the basics of corporate social responsibility
2. To equip the reader with the skills needed to integrate CSR into business decisions
3. To equip the reader with knowledge about CSR and enable them to become champions of CSR
4. To prepare the reader for future lessons and knowledge in the field of CSR

—David Katamba and Charles Tushabomwe-Kazooba
1

Corporate Social Responsibility: An Overview

David Katamba, Charles Tushabomwe-Kazooba, Christoph Zipfel, and David Haag

1.1 INTRODUCTION

Corporate Social Responsibility, or CSR, as we shall from time to time call it throughout this book, is rapidly gaining importance as a business strategy. It has moved from being a “by the way” to a “must do” element in business planning. This implies that organizations need to have top-management commitment and a clear framework for implementing corporate social responsibility programs. Hence, CSR ought to be inherent in an organization’s objective strategy. Renowned strategic management and business gurus like Kotler and Armstrong (2006), Stoner et al. (2003), and Porter and Kramer (2006) have already linked CSR with the competitiveness of a firm, so as to reinforce the concept’s uniqueness and importance. In their article, “Strategy and Society,” Porter and Kramer (2006) detail how to practice strategic CSR. Many other business practitioners as well as academicians like Carroll (1999), Visser (2008) and Katamba and Gisch-Boie (2008) have further underscored the need to integrate CSR into modern business and management. The challenge is now to know what CSR means and how it should be most effectively applied.

Whether it is your first time to hear about the concept of CSR or if you already had some vague knowledge about it, this chapter will help you to master its basics. The chapter takes you through various definitions of CSR and concludes with a note on how these converge to bring out a unified message. It also helps you to differentiate it
from similar or related concepts. It concludes with a highlight of how CSR has evolved in Uganda.

CHAPTER OBJECTIVES AND LEARNING OUTCOMES:
At the end of this chapter the reader should be able to:

1. Demonstrate a clear understanding of the concept of corporate social responsibility.
2. List and differentiate the concepts that relate to corporate social responsibility
3. Apply the most relevant theories that explain corporate social responsibility as well as practices for their business.
4. Understand the status of corporate social responsibility in Uganda.

LIST OF SUBTOPICS IN THIS CHAPTER:
This chapter covers the following sub-topics:

1. Definition of and distinction between CSR and its related core concepts (philanthropy, sustainable business, corporate citizenship, business ethics, etc.)
2. Evolution of the corporate social responsibility concept and its brief theories
3. The evolution of corporate social responsibility in Uganda and its current position

1.2 DEFINITION OF CSR AND ITS DISTINCTION FROM OTHER RELATED CONCEPTS

1.2.1 Definition of CSR
The working definition of Corporate Social Responsibility (CSR) in this book is the one suggested by the European Union. Specifically, the European Commission (EC) states: “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (EC, 2001). The definition from this source differs from others in this book or from other sources in the following respects:

• CSR covers social and environmental issues, despite the English term “corporate social responsibility.” CSR is not or should not
be separate from business strategy and operations. It is about integrating social and environmental concerns into business strategy and operations.

- CSR is a voluntary concept.
- CSR is how enterprises interact with their internal and external stakeholders (employees, customers, neighbors, nongovernmental organizations, public authorities, etc.).

For details about this adopted definition, its applicability, as well as other relevant documentation, the reader may find it useful to visit the European Commission website: http://www.eubusiness.com/topics/social/corporate-social-responsibility-in-the-eu

Although we have adopted the above definition, we nevertheless appreciate that there are a variety of other definitions for CSR (Stanwick and Stanwick, 2009 as example). In the end, however, the reader will realize that they almost always converge into one commonality. For example, Business for Social Responsibility (BSR) defines CSR as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment” (White, 2006). BSR points out that CSR is more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations or other business benefits. Rather, CSR is a comprehensive set of policies, practices and programs that are integrated throughout business operations and decision-making processes that are supported and rewarded by top management. According to the World Business Council for Sustainable Development (WBCSD, 2000, p. 9), “CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

The definitions so far quoted (as well as others the reader may encounter) bring out a message that CSR goes beyond corporate giving, business or community relations, donations and corporate philanthropy. They further stress that an activity, to be branded as “CSR,” should be a continuous commitment established by a business or organization—that is, it should not merely be an episodic endeavor. This means that if a company gives out t-shirts and jerseys to a football team today, then stops that next week and embarks on malaria mosquito nets donations, and then leaves that and pursues road safety campaigns, etc., they may not be regarded as a CSR-practicing company. There must be a continuous and, most importantly, a strategic
commitment to an activity so that we may properly call it CSR. Given the example above, a company can therefore be involved in numerous social activities and still fall short of achieving CSR. We would only call it CSR if there is an underlying continuous and strategic commitment to social responsibility, and one which in the end will yield a positive impact for both the beneficiaries and the company itself. This means that strategic CSR involves the creation of a win-win situation and not just a one-sided win. By this we mean that the CSR-embracing firm should realize benefits if its CSR activities and efforts are to be sustained. Winning/benefiting on the side of a company stretches from short to medium and longer term benefits. These take different forms, such as costs reductions through energy savings and processes; improved reputation, customer loyalty, etc. For further details about the benefits, please read Chapter Two.

At this point, therefore, we can suggest to the reader that while there are a variety of definitions for CSR, or as the reader conceptualizes the concept of CSR, she or he should appreciate that some issues should not be ignored. That is, social, economic or environmental issues must appear in the definitions and conceptualizations, or in the interpretation of the concept of CSR. For example, in your attempt to understand or conceptualize CSR, the CSR definition of the EU encompasses social, environmental and economic aspects, the proactive involvement of stakeholders, as well as sustainability aspects (European Commission, 2002). Also Carroll’s definition of CSR encompasses ethical, legal, philanthropic and economic considerations (Carroll, 1979; 1999), as does the WBCSD’s definition.

To further simplify your understanding and conceptualization of the CSR concept, the proceedings of the ICKM (2005) may be useful. For example, in their paper, “Going beyond Corporate Social Responsibility in knowledge management,” Reynaldo G. Segumpan and Joanna Soraya Abu Zahari helped to show the convergence of CSR definitions, conceptualizations, and views. They indicated that, from all perspectives, CSR is considered a form of business decision-making, ranging through business operations and discrete practice via a set of integrated policies, practices, and programs. CSR incorporates a business’s commitment to quality-of-life of the workforce, its overall relationship with stakeholders, and its governance and accountability to stakeholders and the wider community. Therefore, CSR is a broader concept than often previously perceived, and this book will help you to explore it step-by-step. Briefly, however, the issues and practices most frequently cited as important in the context of CSR
include: human rights (respect for employees, women’s rights, child labor, and social justice), worker rights (health and safety, education and training, compensation and benefits), environment (protection inside and outside the physical facility, and legacies), community involvement (compliance with local laws, community assistance programs, and employee voluntarism), supplier relations (preferences for suppliers that adhere to some CSR principles, for example CERES), monitoring (management systems, accountability, reports, bonus on employment generation, and maintenance), and stakeholder rights (consumer rights).

1.2.2 Distinction of Corporate Social Responsibility from Other Related Concepts

CSR is often confused with other concepts, such as business ethics, cause-related marketing, philanthropy, and corporate citizenship. This section illustrates some distinctions and tries to clarify that these concepts are different, even though they may look similar.

i. Business Ethics

Crane and Matten (2007) define Business Ethics as “the study of business situations, activities, and decisions where issues of right and wrong are addressed.” Thus, in contrast to CSR, business ethics offers a much broader perspective on ethics in the field of business and can be regarded as the fundamental theory underlying CSR or corporate citizenship. As a result of this hierarchical relationship, there are several dimensions of CSR that may link with Business Ethics. These include human rights, labor and security, enterprise and economic development, business standards and corporate governance, health promotion, education and leadership development, human disaster relief, and environmental issues.

ii. Cause-Related Marketing

Cause-Related Marketing most often appears as time-limited campaigns to link a specified worthy cause to the purchase of products or services. Often, a small part of the price will be contributed to the identified cause. In contrast to CSR activities, cause-related marketing is not based on strategic considerations, but is designed to create quick-wins for a company’s marketing efforts. An organization with progressive CSR programs will
demonstrate a long-term commitment to creating a win-win situation for the company and society—not only in the field of marketing, but throughout the value chain. Cause-Related Marketing describes the collaborative initiatives of a business and a non-profit organization for mutual benefit. Businesses increasingly support initiatives or programs which directly or indirectly improve their own marketing opportunities.

iii. Philanthropy

There is also a difference between CSR and philanthropy. As Ethics in Action (2001) pointed out, CSR is going beyond voluntarism and charity. CSR practices reflect a company’s commitment to carrying out its core operations in ways that create win-win situations for both the company and society. Therefore, in contrast to philanthropy, CSR comprises social responsibility for products, services and operations as well as charitable giving.

iv. Corporate Citizenship

In practice, Corporate Citizenship (CC) is also often presumed to be synonymous with CSR. However, there are some conceptual differences that should be highlighted. As Visser, et al, (2007) argue, in contrast to corporate social responsibility that the concept of CC perceives a company as being an actual member of society itself. Consequently, CC offers the view of a company as yet another citizen. Based upon that view, the scope of responsibilities a company has to address is much wider, as compared to CSR. According to Visser, et al (2007), CC can even be seen as “an aspirational metaphor for business to be part of developing a better world.” Therefore, CC can be regarded as a more radical approach than CSR.

1.3 Evolution of Strategic CSR and Its Brief Theories

1.3.1 Evolution of CSR

As used in this book, Strategic CSR means “fulfilling those philanthropic responsibilities which will benefit the business/company through positive publicity and goodwill” (Lantos, 2002, p. 206). According to Carroll (1996), strategic CSR was originally proposed
in 1953, when Howard R. Bowen proposed that businesses have social responsibilities beyond those of economics alone. Bowen claimed that businesses also have a responsibility towards the well-being of society and its people—a “social responsibility,” as he put it. His publication, “Social Responsibilities of the Businessman” was the first recognized academic work to address CSR. In it, he defined CSR more in terms of an obligatory business responsibility within the larger societal context. He specifically cited “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” (Bowen, 1953, p. 6). However, it was Archie B. Carroll who, in his definition of CSR, stated what he perceived to be the actual “social responsibilities” of a business: “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time” (Carroll, 1979, p. 500). Wartick and Cochran (1985), in their attempt to conceptualize a model for Corporate Social Performance (CSP), redefined Carroll’s (1979) four categories of social responsibilities as the Principles of CSR. Hence, according to Wartick and Cochran (1985), the value orientation of a company would form the foundation upon which it would formulate and manage its social responsibilities. Since publication of the work of Bowen and Carroll, in 1953 and 1979, respectively, many other practitioners and academicians—such as Porter, Freeman, McWilliams, and Siegel—have started to look at CSR more strategically, contending that CSR should indeed become an integral part of business. However, the reader should note that this positive discussion also attracted some dissenting scholars. Among them was the renowned economist Milton Friedman, who directly opposed its relevance—perhaps most pointedly in a 1970 New York Times article where he indicated that “the social responsibility of business is to increase its profits.” However, in September 1970, Craig P. Dunn pointedly defended the relevance of CSR in business practice. By directly disputing Friedman’s arguments, he showed why and how business entities should be more socially responsible. Friedman had claimed that if a business embraced CSR it would become more like a charity, and would not pay due allegiance to its shareholders. This view, however, was refuted by Dunn. In fact, Dunn stressed that unless a business was socially responsible, it might actually fail to even provide minimum returns to its share and stockholders. For a more detailed discussion of this debate the reader is encouraged to
visit the following source for further clarification: http://www-rohan.sdsu.edu/faculty/dunnweb/rprnts.friedman.dunn.pdf.

With positive arguments such as these adding weight to the value of CSR practices, along with additional research findings, CSR has become a compelling strategic business tool and approach. This has been evident through various highly visible bodies such as Business for Social Responsibility (BSR), the United Nations Global Compact, the World Bank, the International Standards Organizations (ISO), and the International Business Leaders Forum. These organizations, and many more, have started crafting formal guidelines for integrating CSR into business strategy. Accordingly, the definition and understanding of CSR has drastically changed and evolved since Bowen’s 1953 conceptualization. Of considerable influence have been Friedman’s criticisms of 1970, Carroll’s insightful articles (1979; 1999), and additional developments in more recent times when bodies like the EU (2000) and the WBCSD have come up with more formal and yet strategic definitions and guidelines to integrate the concept into business activities. Today, there is even a much broader and distinctive understanding of the strategic concept, as the reader may discover when reading Porter and Kramer’s (2006) article entitled, “Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility.”

1.3.2 Brief Theories to Analyze and Explain Corporate Social Responsibility

Business management, psychology, and all other disciplines use carefully constructed theories to explain and expand the available knowledge about the disciplines themselves. Similarly, CSR is also rooted in various theories, including stakeholder theory, social contract theory, and legitimacy theory. For detailed information, the reader is directed to Moir (2001). Brief summaries of each will be provided here.

i. Stakeholder Theory

Freeman (1984) proposed the concept of stakeholder theory. This theory claims that a corporation should not only consider the shareholders’ interests, but also the interests of all stakeholders. Freeman defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives.” They consist of two categories: (1) primary stake-
holders (whose absence in participation in the core activities of the firm leads to its collapse, such as shareholders and employees); and (2) secondary stakeholders (those affected by the organization, or who affect or influence the direction of the firm, but who are not directly involved in the company’s transactions). A firm has a series of connections with different stakeholders and therefore has to decide which stakeholders should be treated with urgency and how to respond. A deeper analysis of stakeholder theory is not discussed here, as it is beyond the scope of this book. However, the reader is encouraged to read the article: “What do we mean by CSR?” by Moir (2001).

ii. Social Contract Theory

Gray and others (1996) as cited in Moir (2001) indicated that society can be conceptualized as a series of social contracts between the members of society and society itself. By this definition, businesses may be regarded as part of society and therefore should incorporate some degree of social morality in business behaviors. According to Moir (2001), morality consists of a set of rules governing how people are to treat one another, which rational people will agree to for their mutual benefit, on the condition that others follow those same rules as well. By this standard, businesses should be expected to provide some level of support to their local communities and have some degree of involvement in community activities. The social contract theorists agree with the stakeholder theorists that the interests of stakeholder groups are important, but they believe that those interests do not override non-stakeholder interests or demand such things as safety, health, freedom and prosperity.

iii. Legitimacy Theory

Legitimacy is “the societal perception that the actions of [a firm] an entity are desirable, proper or appropriate within socially constructed systems of norms, beliefs and definitions,” Suchman (1995). For a firm to obtain legitimacy, Moir (2001) suggests that it must appreciate the need for meaningful corporate communications with society. He further indicates that an organization may adopt four broad legitimating strategies when faced with different legitimacy threats: (1) seek to educate its stakeholders about the organization’s intentions to improve its performance; (2) seek to
change the organization’s perceptions of the event (but without changing the organization’s actual performance); (3) distract (i.e., manipulate) attention away from the issue of concern; (4) seek to change external expectations about its performance. This theory best explains why firms should undertake CSR and also use CSR as a form of public relations.

Based on Moir (2001), we can conclude that these three theories are interlinked and effectively support each other. For example, to examine the practice of CSR within business, the principles described in social contract theory can be analyzed, with the aid of stakeholder analysis, to provide an enhanced reputation or greater legitimacy to the firm.

1.4 THE EVOLUTION OF CSR IN UGANDA AND ITS CURRENT POSITION

1.4.1 Evolution of CSR in Uganda

This particular section provides the reader with a working knowledge of how CSR has evolved in Uganda. For details about how it has evolved in a variety of other countries around the globe, refer to The World Guide to CSR (2010). This text is a collection of writings by over 30 practitioners and scholars, and was edited by Professor Wayne Visser. The book was published by GreenLeaf Publishing, London. Details can be obtained by visiting the publisher’s website at: http://greenleaf-publishing.com/productdetail.kmod?productid=3097 or www.csrinternational.org.

The pursuit of socially responsible actions by businesses and business owners is not a new practice in Uganda. However, it is generally agreed that a “strategic approach” to such actions or practices is new in Uganda. Consequently, a review of the evolution of corporate social responsibility in Uganda is provided here.

Historically, Uganda has been well recognized for its hospitality and humanity as far back as the 17th century. Its earliest international business and trade activities can be traced back to the Slave Trade days, when the Arabs introduced Islam and “long distance trade.” Years later, East African Coastal Trade (EACT)—which may have led to the emergence of the Swahili language—began to suppress the Slave Trade. Participants in EACT showed some awareness that humans should not be treated as slaves, and by 1807 both British and
East African courts began legislating against slavery. By 1879, the practice had been outlawed in East Africa. Later, just before entering the twentieth century, Uganda was colonized by Britain. This further modified various business and social activities, such as engaging suppliers forcefully in the production of raw materials (principally, coffee and cotton), and promoting western education through the construction of schools, etc. This continued with some form of “westernization” until Uganda’s independence in 1962.

Regardless of the influence of the above mentioned factors (Arabs introducing Islam, trade and colonization), the Ugandan society followed the “African Traditional Society” (ATS) norms and beliefs. Nkiko and Katamba (2010) have indicated that theorists such as Okot P’bitek preached and campaigned for societal ethical values as early as 1950. They also indicate that acts of helping the deserving poor, of wealthy families taking care of orphans, and of creating awareness to protect human rights, among others, can be found in prehistoric literature. For example, when the missionaries came to Uganda in 1870s, they furthered the “western” way of living, including the construction of churches, schools and hospitals.

The roots of corporate social responsibility can be traced back further from the different cultural, religious and historical principles as well as philanthropic acts. For example, many different communities, especially in Central Uganda, formed into small welfare groups called “Muno Mukabi” that provided assistance during misfortunes such as the loss of loved ones or hardship following a bad harvest. In addition, common religious principles such as the Catholic “tithe” (the donation of one-tenth of personal income to the church), as well as the Muslim “Zakat” (the donation of 2.5—5% of one’s earnings directly for the care of the poor), drew out almsgivings for the relief of the poor and disadvantaged.

The outcome of the African Traditional Society beliefs and western cultural influence created a significant economic and social impact during the 1950s. That is, some people started formal businesses and trade, although informal trading such as bartering was still in existence. As business boomed, there was a need to ensure sustainability and consequently competitiveness—so as to either have more businesses started or to better sustain the existing ones. In pursuit of this, Asians entered Uganda in 1960’s. In the 1970’s businesses started getting more involved in philanthropic practices, which one can view as building upon what the missionaries and the African forefathers had established during the African Traditional Society. Some
of the socially responsible businesses of that time still continue, including Madhivani, Uganda Breweries Ltd. (now East African Breweries Ltd.), Kakira sugar works, etc. These companies have since moved on to formalize their philanthropic activities into sustainable “CSR” practices. They have expanded their activities from the “traditional philanthropic” operations to more strategic activities, in response to growing demands in their business environment. These demands include complying with the international export/import regulations throughout the supply chain and taking into account shareholder activism.

Therefore, many of the principles and ideas of CSR that have been carried out informally over many years, going back as far as the ATS, are being further modified and expanded today. Indeed, companies like Madhivani and MTN have set up entire foundations to manage their social responsibilities. Other companies have set up departments to handle CSR-related issues, while others have integrated it within their existing management functions—especially Marketing, Public Relations and Human Resources.

One of the major challenges for these companies, and many others, is that these activities have to be strategically integrated into their business practices. In some cases they have not been given the extra attention they deserve, so as to gain significant recognition (Katamba and Gisch-Boie, 2008). However, the attention given to CSR in Uganda is growing, and there are already companies that have proven CSR best-practice programs that may serve as role models for other companies. Just recently, in 2008, CSR-practicing companies such as MTN, BAT, EABL, UTL and Shell, among others, have been “evaluated” by the Government with the introduction of the “Investor of the Year” award under the theme of “Corporate Social responsibility.” (See reports from the Uganda Investment Authority, 2009.)

Also different bodies have been set up by the government of Uganda to promote specific “CSR” components. For example, the National Environment Management Authority (NEMA) promotes environmental issues in Uganda, while the Directorate for Ethics and Integrity (DEI) promotes ethics transparency and accountability. The private sector is also free to supplement the government’s efforts by setting up organizations that can proclaim and uphold the social responsibilities of business. For example, the Uganda National Consumers’ Association pressures businesses to provide customers with high quality and safe products on the market.
1.4.2 The Current Position of CSR in Uganda

From the foregoing review we may observe that CSR is an increasingly broad concept. Companies and academics, as well as the government, are often failing to have a common understanding of what it stands for and how it should be carried out. Consequently, it is not surprising that there is no nationally applied and acceptable CSR model. However, a few models developed elsewhere are now being adopted in Uganda. For example, the UCCSRI study conducted by Katamba and Gisch-Boie (2008) observed that Freeman’s stakeholder CSR dialogue model was the most dominate model used in Uganda, as compared to Carroll’s CSR Pyramid.

In Katamba and Gisch-Boie’s study, entitled “CSR in Uganda: Perceptions, approaches and needs of companies,” businesses acted—either formally or informally, and individually or collectively—around the four internal and external elements of their stakeholders in areas of workplace, community, marketplace and environment. These businesses were not only accountable to their shareholders, but they also created a balance between and integration of stakeholders’ interests that either affected or were affected by the firm’s objectives. The study, however, also revealed that ethical and legal issues were mostly not adhered to in Uganda, since there is limited enforcement. This makes two elements of Carroll’s model (“ethical” and “legal” responsibilities) applicable to a lesser extent. Thus, we can conclude, in the case of Uganda, that stakeholder theory is currently more applicable, as there is a possible natural fit between the idea of CSR and the company’s stakeholders.

In consideration of this, further exploration into the stakeholder model was undertaken. It revealed that businesses in Uganda protect their main stakeholders interests in the workplace dimension (e.g., mainly employees) by putting into place policies such as employee

Table 1 CSR at Uganda Telecom Ltd (UTL)

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<th>CSR at Uganda Telecom Ltd (UTL)</th>
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<td>UTL is the leading provider of telecommunications services (both fixed and mobile networks) in Uganda. Its CSR initiatives include empowering the youth through educational programme sponsorships and leadership forums, running a child help line, and providing solar powered mobile recharge centres in areas of the country where the electrical grid has not yet reached. The company is well known for its philanthropic sports sponsorships and providing ICT for development. <a href="http://www.utl.co.ug">www.utl.co.ug</a></td>
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equality and diversity, Health and Safety, HIV/AIDS policy, prohibition of child labor, etc. Regarding the community, businesses engage with society by making philanthropic donations toward important community developments such as education, health, infrastructure, sports, charities, culture and religion. The marketplace activities include all supply chain requirements as well as internal operations that prepare goods and services for the market. Concerning the environment, initiatives referring to renewable energy sources and efficiency, climate change, and management of emissions (effluents, waste, etc), as well as operations regarding land use and bio-diversity are brought forward by businesses—further supported and facilitated by the formation of a relevant government body, NEMA, in 1995.

1.5 CONCLUSION

The concept of CSR is widely interpreted and this has made it difficult for firms and practitioners to obtain a clear understanding of it. However, regardless of the varying interpretations, this chapter has emphasized that the meaning remains essentially the same. Also, socially responsible business is not a new practice anywhere in the world, though “strategic” CSR is a new and evolving concept. For example, in Uganda we have seen that it started way back in African Traditional society and has been steadily growing until today. Lastly, just like any discipline, the development and understanding of CSR is also guided by certain key theories.

1.6 LEARNING ASSIGNMENTS

1. Visit a company of choice—either physically, or by reading its current annual report or visiting its website. Read through its Vision and Mission statements and try to identify its different stakeholders. Design a CSR statement for such a company. Finally, citing reasons, indicate whether the company has a deep or vague understanding of CSR.

2. As there are a number of theories examining CSR, it can be very difficult to determine whether one particular theory is superior to the others. With reference to an analysis of the business practices in your country, indicate which theory you believe to be the most relevant or applicable.

1.7 REFERENCES


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