



**UNIVERSITY of the
WESTERN CAPE**

FACULTY OF LAW

**CORPORATE SOCIAL RESPONSIBILITY AS A TOOL TO ACCELERATE THE
ACHIEVEMENT OF DEVELOPMENT GOALS IN ZIMBABWE.**

A mini-thesis submitted in partial fulfilment of the requirements for the award of LL.M degree in the Faculty of Law, University of the Western Cape.

BY

TAFADZWA MAGGIE NYAWUYANGA

STUDENT NUMBER: 3075665

SUPERVISOR: PROFESSOR WANDRAG

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KEY WORDS

Corporate Social Responsibility

Development goals

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Sustainable Development Goals (SDGs)

MDG 1

MDG5

Poverty eradication

Maternal Health

Millennium Development Goals (MDGs)

Zimbabwe



LIST OF ACRONYMS

CSR	Corporate Social Responsibility
CSOS/T	Community Ownership Schemes/ Trusts
EC	European Commission
EU	European Union
DGs	Development Goals
GDP	Gross Domestic Product
GMR	Global Monitoring Report
FAO	Food and Agriculture Organisation
FPL	Food Poverty Line
ICC	International Chamber of Commerce
ICESR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labour Organisation
IMF	International Monetary Fund
ISO 26000	International Organisation for Standardisation 26000
MDGs	Millennium Development Goals
MDG 1	Millennium Development Goal 1
MDG 2	Millennium Development Goal 2
MDG 5	Millennium Development Goal 5
MDG 6	Millennium Development Goal 6
MNCs	Multinational Corporations
MNEs	Multinational Enterprises
NDGs	National Development Goals

NGOs	Non-governmental Organisations
OECD	Organisation for Economic Development
SDGs	Sustainable Development Goals
SMEs	Small to Medium Enterprises
TCPL	Total Consumption Poverty Line
UN	United Nations
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
UK	United Kingdom
USA	United States of America
WBCSD	World Business Council for Sustainable Development
WHO	World Health Organisation
ZIMASSET	Zimbabwe Agenda for Sustainable Economic Transformation



DECLARATION

I, **Tafadzwa Maggie Nyawuyanga**, declare that **Corporate Social Responsibility as a Tool to Accelerate the Achievement of the Development Goals in Zimbabwe** is my own work and that it has not been submitted before for any degree or examination in any other university, and that all sources I have used or quoted have been indicated and acknowledged as complete references.

Student: Tafadzwa Maggie Nyawuyanga

Signature:.....

Date: 28 May 2015



Supervisor: Professor Maria Wandrag

Signature:.....

Date: 28 May 2015

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DEDICATION

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CHAPTER 1

INTRODUCTION

1.1: Background

The concept of corporate social responsibility (CSR) has been a much debated topic for years. Debates on the concept have been unfruitful in producing a universal definition thereof.¹ As such different scholars have come up with various definitions of CSR based on their understanding and knowledge. Many of these definitions focus on CSR aims, in other words, what CSR should achieve. In other definitions the central point seems to be stakeholders.² It is a business process a company adopts in order to create added economic, social and environmental value to society.³ The term ‘process’ brings about the fact that CSR is a practice that the business engages in to better the lives of the community for a long period, therefore it is not a once off program. The practice involves voluntary activities carried out by corporations to operate in an economic, social and environmentally sustainable manner.⁴ Corporations make commitments that are beyond their legal obligations to contribute to sustainable economic development, working with employees, their families and society at large to improve their quality of life.⁵ As highlighted above, CSR takes the interests of different stakeholders into consideration.

Corporations nowadays can no longer operate without taking into consideration the needs and interests of the community and society at large.⁶ Companies do not operate in a vacuum or in isolation, they operate within communities; the way business is done impacts on people, the

¹ Dahlsrud A ‘How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions’ (2006) 15 *Corporate Social Responsibility and Environmental Management* 2.

² Mullerat R *International Corporate Social Responsibility: The Role of Corporations in the Economic Order of the 21st Century* (2010) 15.

³ Gapare VR, Chimankire G, Baxter M et al ‘Corporate Social Responsibility in the Mining Sector’ (2014) available at <http://www.chamberofminesofzimbabwe.com/7-conference-reports.html> (accessed 22 April 2015).

⁴ Foreign Affairs, Trade and Development Canada ‘Corporate Social Responsibility’ available at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-rse.aspx?lang=eng> (accessed 30 October 2014).

⁵ Jorgensen H.B, Pruzan-Jorgensen P.M & Jungk M *et al Strengthening Implementation Corporate Social Responsibility In Global Supply Chains* (2003) 2.

⁶ Gapare VR, Chimankire G, Baxter M et al ‘Corporate Social Responsibility in the Mining Sector’ (2014) available at <http://www.chamberofminesofzimbabwe.com/7-conference-reports.html> (accessed 22 April 2015).

economy and the environment.⁷ Therefore corporations have a key role to play in the development of communities through social initiatives that are designed to create employment, ensure health and safety at work, reduce poverty, create prosperity and sustain economic growth.⁸ The contribution that the business makes cannot be equated to corporate philanthropy. Corporate philanthropy is a charitable act made by the business in form of donations to the society and unlike CSR corporate philanthropy is a once off act.⁹

Corporations have immense financial ability to assist in the achievement of development goals within a nation. They have the potential to increase the effectiveness of service delivery.¹⁰ Sound public policies and investments have proved to be inadequate in achieving development goals. There is a need for corporations to assist governments in achieving development goals, as governments have failed to achieve these goals fully.¹¹ Development goals are clearly defined goals that have to be achieved within a specific time frame for the empowerment or betterment of the society at large. These goals include national development goals and the United Nations millennium development goals (MDGs) that are soon to be replaced by sustainable development goals (SDGs).

According to Simelane, MDGs are long-term objectives built into the world's development agenda with the aim of achieving a number of national development plans and poverty reduction strategies.¹² These are eight time-bound quantitative goals set to reduce selected aspects of human poverty by 2015.¹³ The MDGs take basic human rights of each person on the planet into consideration, such as the right to health, education, shelter and security.¹⁴ The eight goals are: eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality;

⁷ Forstater M, Zadek S, Guang Y, et al 'Corporate Social Responsibility & African Development' 2010 *Institute of West-Asian and African Studies Conference Briefing Paper* 5.

⁸ Forstater M, Zadek S, Guang Y (2010) 5.

⁹ Godelnik R 'Philanthropy, CSR and the Social Responsibility of Business' Triple Pundit 22 August 2012 available at <http://www.triplepundit.com/2012/08/philanthropy-csr-social-responsibility-of-business/> (accessed 12 November 2014).

¹⁰ Nelson J & Prescott D 'Business and the Millennium Development Goals: A Framework for Action' (2ed) 2008 *UNDP International Business Leaders Forum* 3.

¹¹ MDG Africa Steering Group 'Achieving the Millennium Development Goals in Africa' 2008 1 available at <http://www.mdgafrica.org/pdf/MDG%20Africa%20Steering%20Group%20Recommendations%20-%20English%20-%20HighRes.pdf> (accessed 12 November 2014).

¹² Simelane T & Chiroro B 'Beyond the Millennium Development Goals: What can Africa expect?' 2013 *Africa Institute of South Africa Policy Brief* 1.

¹³ Jahan S The Millennium Development Goals Beyond 2015: Issues for Discussion (2009) *Institute of Development Studies* 51.

¹⁴ Millennium Project 'What they are (2002 – 2006)' available at <http://www.unmillenniumproject.org/goals> (accessed 12 November 2014).

improving maternal health; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability and the creation of a global partnership for development.¹⁵

Some countries and regions have done better than others, with some goals achieved, others partially achieved and some not achieved at all. Zimbabwe is amongst the countries that have partially achieved MDGs. The largest MDG challenges that Zimbabwe is facing is achieving MDG1: eradicating extreme poverty and hunger and halving unemployment; and MDG5: improve maternal mortality. All the targets under these goals are unlikely to be met by the 2015 deadline.¹⁶

Zimbabwe has been unable to eradicate poverty and create employment due to the failure to resuscitate the economy and lack of financial aid. The national economy has lost its competitive edge and the on-going investment climate has not been conducive to attracting new capital and investment. Such failure to access international funds or get financial assistance has slowed down the achievement of the MDGs in the country. Underemployment and unemployment remains high; those that have occupations are victims of meagre salaries and to worsen the situation the nation keeps producing graduates, at the same time failing to create employment.¹⁷ The 2011 Human Development Report shows that formal employment accounted for only 38.2% of total employment and that 61.9% of the employed were engaged as unpaid family workers and self-employed.¹⁸

According to the UN report Zimbabwe's fight to lower maternal mortality rates is failing due to growing social inequalities, AIDS, and lack of access to emergency obstetric care. Around one-third of Zimbabwean women still deliver babies at home and poorer women often cannot afford basic healthcare.¹⁹ Lack of funding has led to the government freezing about four hundred nurses' and doctors' posts nationwide. As a result, many qualified nurses and doctors have struggled to find work therefore resorting to offering their skills to other countries such as the United Kingdom and South Africa for employment and better

¹⁵ The IMF and the Millennium Development Goals Factsheet 2014 available at <https://www.imf.org/external/np/facts/mdg.htm> (accessed 5 April 2015).

¹⁶ United Nations Zimbabwe *Zimbabwe 2012 Millennium Development Goals Progress Report* (2012) 4.

¹⁷ United Nations in Zimbabwe Newsletter VI January-April 2013 (2) available at <http://www.zw.one.un.org> (accessed 7 April 2015).

¹⁸ United Nations in Zimbabwe Newsletter VI January-April 2013 (2) available at <http://www.zw.one.un.org> (accessed 7 April 2015).

¹⁹ Phiri G 'Zimbabwe's Maternal Mortality Crisis' *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html>(accessed 7 April 2015).

earnings.²⁰ In Zimbabwe the maternal mortality rate stands at 960 per 100,000 live births, about ninety-two per cent higher than the average rate in Sub-Saharan Africa. About three thousand mothers die every year while giving birth, due largely to lack of access to quality healthcare.²¹ On its own, the government is failing to achieve such goals; therefore, there is a need to call upon corporations both large and small to use their economic strength to assist the government in achieving development goals.

Zimbabwe has national development plans that are in line with the United Nations MDGs whose sole purpose is to better the lives of its people; however, more of these development policies are theories on paper, they lack practicality or implementation and as a result they have failed to achieve the targeted results. The Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset) is the current policy that follows other national development policies that were set up by the government to move towards an empowered society and a growing economy.²² This economic blue print contains a set of national development goals that have to be achieved within a period of five years from October 2013 to December 2018. Failure to achieve these goals can be attributed to lack of financial aid and failure of the government to resuscitate the crippled economy.²³ The government is facing paucity of funds and as result failing to fund its state budget fully.

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1.2: Problem Statement

Achievement of development goals is crucial because it has the potential of improving the lives of people and lifting millions out of poverty. The Zimbabwean government has made efforts to realise and address these goals. However, such efforts have not been able to yield positive and tangible results. On the ground millions continue to suffer, poverty is high, unemployment poses a big challenge and the number of women dying during child birth has not decreased due to higher costs of health services.²⁴ Although failure to achieve these goals can inter alia be attributed to political reasons, weak policies, corruption in the country and the weak economy; one of the main reasons that government has faced in achieving

²⁰ McGregor J 'Professionals Relocating: Zimbabwean Nurses and Teachers Negotiating Work and Family in Britain' 2006 *The University of Reading Geographical Paper No.84* 5.

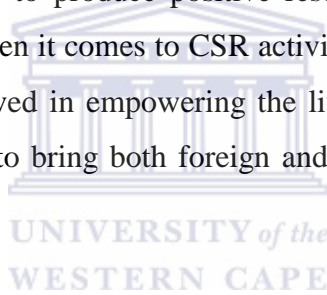
²¹ Phiri G 'Zimbabwe's Maternal mortality crisis' *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html>(accessed 7 April 2015).

²² Zimbabwe Agenda for Sustainable Socio-economic Transformation (ZIM ASSET 2013- 2018)*Economic Policy* 6.

²³ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013- 2018)*Economic Policy*6.

²⁴ United Nations Zimbabwe (2012) 8.

development goals is lack of financial means. Zimbabwe is a low-income country that funds its own budget entirely from the taxes it collects which is barely enough to pay wages let alone fund development projects.²⁵ The country cannot borrow from the Bretton Woods institutions until it has cleared the \$10 billion debt. The sanctions imposed on Zimbabwe due to land reform resulted in donor aid reducing its financial assistance to the country.²⁶ The country has for years relied on donor assistance and therefore the effects of the sanctions have set back the achievement of the DGs. Therefore, it can still be argued that the MDGs and any other post-2015 development goals are impossible to achieve without assistance in the form of financial aid, especially eradication of extreme poverty and hunger (MDG1), and improvement of maternal health (MDG 5).²⁷ Since financial aid is not forthcoming from other sources, it may come from corporations as part of their responsibility to the communities in which they operate. Businesses have the financial ability to assist in empowering the lives of people and creating employment. However, for such goals to be achieved all companies should partake in CSR activities to produce positive results on the ground. In Zimbabwe companies are lagging behind when it comes to CSR activities and only a few big companies and mining companies are involved in empowering the lives of the community. Therefore, there is a need to regulate CSR to bring both foreign and local companies to participate in improving the lives of the people.



1.3: Research Question and Objectives

The aim of this study is to critically analyse corporate social responsibility as a tool to accelerate the achievement of development goals in Zimbabwe. The main question is how CSR can be used to speed up the achievement of development goals? The paper will focus on how CSR can be used to achieve national development goals and MDGs that will soon be integrated into SDGs. Attention will be paid to MDG1 which goal is to eradicate extreme poverty and hunger; and MDG 5 which aims to improve maternal health and national development goals in Zimbabwe. The research is guided by the following objectives:

²⁵ Nkala S '2015 National Budget Spells Doom for Employment Creation' *News Day* 5 December 2014 available at <http://www.newsday.co.zw/2014/12/05-national-budget-spells-doom-for-employment-creation/> (accessed 12 May 2014).

²⁶ Nkala S '2015 National Budget Spells Doom for Employment Creation' *News Day* 5 December 2014 available at <http://www.newsday.co.zw/2014/12/05-national-budget-spells-doom-for-employment-creation/> (accessed 12 May 2014).

²⁷ Tavengwa T 'Zimbabwe will need financial support to attain MDGs' *The Standard* 22 September 2013 available at <http://www.thestandard.co.zw/2013/09/22/zimbabwe-will-need-financial-support-attain-mdgs/> (accessed 31 October 2014).

1. To examine international, regional and national legal frameworks that seek to promote corporate social responsibility in Zimbabwe.
2. To establish the connection between CSR and development goals in Zimbabwe, and explore how CSR can be used as a tool to fast-track the achievement of national development goals and UN development goals. The paper will investigate the efforts made by the Zimbabwean government to eradicate extreme poverty and hunger and to improve maternal health. The two MDGs are proving to be difficult to be achieved by the end of 2015.
3. To recommend measures that would facilitate the promotion of CSR into Zimbabwean companies and assist the government in achieving the developmental goals within the specified time frame.

1.4: Methodology

This mini-thesis will rely entirely on materials available from various primary sources including textbooks, national legislation, international agreements on CSR such as *ISO 26000*²⁸, *OECD*²⁹, *European Commission*, *UN Global Compact* and *International Labour Organisation* to secondary sources such as journal articles, reports and newspaper articles. Information on Zimbabwe is not readily available in primary sources therefore for current information on CSR and DGs the mini-thesis will rely on internet sources. A comparative study will be conducted between Zimbabwe and India which regulated CSR.

1.5: Chapter Outline and Thesis Structure

1.5.1: Introduction (Chapter 1)

This will be an introductory chapter which will provide an overview of the background to the study, the problem beyond the study and the chapter outline. The chapter also contains the premise of the research, the research methodology, the key words to be used, as well as other formal introductory aspects to this research such as the structure that will be followed in the research as a whole.

²⁸ ISO 26000 'Social Responsibility' available at <http://www.iso.org/iso/home/standards/iso26000.htm> (accessed 01 November 2014).

²⁹ OECD 'Better Policies for Better Lives' available at <http://www.oecd.org/daf/inv/corporateresponsibility/> (accessed 01 November 2014).

1.5.2: A Case for an Effective Legal Framework for Corporate Social Responsibility in Zimbabwe (Chapter 2)

Chapter two will examine the regulation of corporate social responsibility, the rules and policies that govern it, the types of companies in Zimbabwe that need to partake in CSR activities. A comparison with India, that has regulated CSR, will be conducted which has a similar background with Zimbabwe. India like Zimbabwe is a developing country with a widespread of destitution, hunger, poor state of health facilities and not much development has occurred.³⁰ The regulation of CSR in India will provide guidelines for Zimbabwe in regulating CSR.

1.5.3: Development Goals in Zimbabwe; Their Successes, Failures and How These Goals Can Be Achieved (Chapter 3)

The chapter will give a general overview of development goals and their targets. This Chapter shall discuss the progress of Millennium Development Goals and national development goals in Zimbabwe. It will further discuss how MDG 1 and MDG 5 can be achieved through the help of companies. An investigation will be conducted to determine whether development goals can be achieved through CSR. Lastly it will examine whether India has managed to achieve development goals since the implementation of CSR.

1.5.4: Conclusion and Recommendations (Chapter 4)

The chapter will revisit the main arguments with regard to the role that corporations can play in achieving development goals in Zimbabwe and to what extent this role can assist the government achieve development goals. An opinion and possible recommendations with regard to CSR as a tool to accelerate achievement of development goals shall also be outlined.

³⁰ Development Team 'Is India still a Developing Country?' *The Guardian* 7 April 2014 available at <http://www.theguardian.com/global-development/poverty-matters/2014/apr/07/is-india-still-a-developing-country> (accessed 12 May 2015).

CHAPTER 2

A CASE FOR AN EFFECTIVE LEGAL FRAMEWORK FOR CORPORATE SOCIAL RESPONSIBILITY IN ZIMBABWE

2.1: Introduction

The United Nations (UN) has advocated for corporate social responsibility (CSR) to be used as a tool for international development based on two premises. First premise was that companies have the ability to deal with persisting social causes like hunger, poverty, unemployment which the governments of different countries have failed to eliminate. Another premise was that corporations have financial power through their social initiatives to turn around global problems of underdevelopment towards a developed society.³¹ Governments and their international arms, such as the United Nations Development Programme (UNDP), have failed in their effort to eradicate the global problems of underdevelopment. Therefore, there is a need for businesses to take on more responsibility towards development than before.³²

Corporations have a responsibility to engage in long term social initiatives that will develop the communities. Kotler submits that CSR is not a programme that begins and ends but entails making long-term commitments to specific social issues and initiatives such as providing more than cash contributions.³³ In other words CSR is not a once off responsibility but is a continuous responsibility by companies to continuously address persisting social issues that are proving to be a hindrance in the achievement of development goals. There is a need to regulate CSR despite its voluntary nature to give a push to those companies that are lagging behind in CSR activities so they may partake in the achievement of development goals.³⁴

As outlined previously, this chapter will explore the relationship between CSR and the law. The chapter will explore the need for regulation of CSR as a way to fast track the

³¹ United Nations 'The Millennium Development Goals Report 2006' available at <http://www.un.org/millenniumgoals/bkgd.shtml> (accessed 18 February 2015).

³² Hopkins M *Corporate Social Responsibility and International Development: Is Business the Solution?* (2008) 48.

³³ Kotler P & Lee N *Corporate Social Responsibility- Doing the Most Good for Your Company and Your Cause* (2005) 7.

³⁴ Kotler P & Lee N *Corporate Social Responsibility- Doing the Most Good for Your Company and Your Cause* (2005) 7.

achievement of the development goals. The chapter will further examine the regulation of corporate social responsibility, the rules and policies that govern it and the types of companies in Zimbabwe that need to partake in CSR. This research will identify Zimbabwean companies' peculiar corporate behaviours and practices that are CSR and socially oriented. The chapter will start off by defining what CSR is according to different scholars and conduct a case study of CSR in Zimbabwe. A comparison with India will later be conducted as it has legislated CSR.

2.2: Definition of Corporate Social Responsibility

CSR is a fluid concept that has no single definition and as such scholars have come up with different definitions of the concept.³⁵ It is an element in corporate governance that contains a range of issues such as stakeholder interests, environmental issues and social issues. There have been arguments that the sole purpose of a business is to produce high returns for shareholders.³⁶ However, CSR shifted the focus of maximising profits for shareholders only to adopting responsibility towards the welfare of the society and the protection of the environment.³⁷ To some scholars CSR resembles the source of competitive advantage and to others it is a response to the increasing demands of various key stakeholders.³⁸ Kotler and Lee define CSR as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.³⁹ This is the preferable definition for the purposes of this chapter; the phrase 'community well-being' in the definition includes development of human conditions and protection of the environment using corporate resources. Businesses have to make a sustained commitment to constantly make efforts to contribute to economic development and to improve the welfare of the society.⁴⁰

In a broader sense, CSR is about the impact of business on a society. In other words, companies have a role to play in assisting the communities to flourish. Whereas, in a

³⁵ Rahim MM *Legal Regulation of Corporate Social Responsibility: A Meta-Regulation Approach of Law for Raising CSR in a Weak Economy* (2013) 15.

³⁶ McKinsey 'Global Survey of Business Executives: Business and Society', McKinsey Quarterly 2 (2006), 33-9.

³⁷ McBarnet D 'Corporate social responsibility beyond law, through law, for law: the new corporate accountability' in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 9.

³⁸ Khandelwal R & Bakshi S 'The New CSR Regulation in India: The Way Forward' (2014) 11 *Symbiosis Institute of Management Studies Annual Research Conference* 61.

³⁹ Kotler P & Lee N *Corporate Social Responsibility- Doing the Most Good for Your Company and Your Cause* (2005) 3.

⁴⁰ Mandina SP, Maravire C & Masere VS 'Effectiveness of Corporate Social Responsibility in Enhancing Company Image' (2014) 6 *European Journal of Business & Management* 153.

narrower sense, it is defined as the extent to which, and the way in which, an organisation is consciously responsible for its actions or non-actions and the impact of these on its stakeholders.⁴¹ CSR in its broader sense is preferable as it encourages companies to take an active role towards the necessary development of the respective societies they operate in and take into consideration other stakeholders as well.⁴² This is the case in countries like Zimbabwe where companies are more responsible towards their shareholders than the society at large in which they operate in and their major target is maximising profits. Zimbabwe needs CSR that will contribute to the economic development and facilitate the achievement of critical development goals.

A business is part of a larger society and therefore it has a greater responsibility other than just maximising profits.⁴³ Friedman disagreed with CSR definitions and submitted that the core objective of a business is to make the highest attainable profits and therefore, CSR obligations defied the concept of business.⁴⁴ However, businesses have moved from the era of maximising profits for their shareholders only (bottom line) to an era of sharing their profits with the communities and various stakeholders (triple-bottom line).⁴⁵ CSR has become a tool that has a potential to address social concerns which has positive effects on profitability, share value and company image. One would agree with CSR definitions that companies have a duty to act responsibly towards the society. Companies have to become one of the driving forces behind the achievement of development goals amongst communities by working with locals to develop a joint plan to contribute to local development.⁴⁶ Responsible business conduct is especially important when private sector operators provide public services such as healthcare, education and employment.⁴⁷

⁴¹ Lober H *Corporate Social Responsibility and Customer Integration: An Empirical Investigation of Different CSR- Activities and their Effects on Customer* (2011) 6.

⁴² Machadu C 'Social Responsibility Lacking' *The Zimbabwean* 31 December 2012 available at <http://www.thezimbabwean.co/business-analysis/61916/social-responsibility-lacking.html> (accessed 17 February 2015).

⁴³ Machadu C 'Social Responsibility Lacking' *The Zimbabwean* 31 December 2012 available at <http://www.thezimbabwean.co/business-analysis/61916/social-responsibility-lacking.html> (accessed 17 February 2015).

⁴⁴ Friedman M 'The Social Responsibility of Business is to Increase Profits' *The New York Times Magazine* 13 September 1970 available at <http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html> (accessed 01 May 2015).

⁴⁵ Mandina SP, Maravire C, & Masere VS (2014) 56.

⁴⁶ Foreign Affairs, Trade and Development Canada 'Canada's Enhanced Corporate Social Responsibility Strategy to Strengthen Canada's Extractive Sector Abroad' available at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-rse.aspx?lang=eng> (accessed 01 May 2015).

⁴⁷ Rahim MM (2013) 18.

The concept of CSR is important for both business and society because both parties get to benefit. CSR should not be viewed as an act of charity and should not be onerous for the business.⁴⁸ The concept helps create and build the reputation of the business; a company that engages in CSR activities is more likely to have a good brand reputation than a company that is ignorant of social causes or is in violation of the rights of the community.⁴⁹ In 1997 Nike had its products associated with child labour, this was met by demonstrations, protests, and the trainers were publicly thrown away by angry communities. The demonstrations led to the fall of profits in that particular year for the business.⁵⁰ In 2008 the Marange diamond mine in Zimbabwe displaced the locals from their land after the discovery of diamonds and those that retaliated were assaulted and shot. The diamonds became labelled as blood diamonds due to violation of human rights and as such the violations attracted European Union sanctions on the diamonds. The diamonds could not be sold in the international arena because of human rights violations. As a result, negative effects were experienced by the company.⁵¹ These are clear demonstrations of how failure to uphold or cater for the welfare of the society can have a negative impact on the reputation of the business, the profits, the brand and can also attract sanctions that will isolate the company from trading in the international arena. McBarnet states that although CSR activity does not have a direct financial impact on the company it can be seen as brand enhancement, beneficial to long-term shareholder value.⁵² This shows that CSR activities are beneficial for both the business and the society.

Kotler and Lee share the same view with McBarnet they stipulate that engaging in CSR activities brings a range of bottom-line benefits for companies such as increased sales and market share; strengthened brand positioning; enhanced corporate image; decreased operating costs and increased appeal to investors.⁵³ Good CSR practices can be used to attract, retain and motivate best workers; if the employees are happy the company gets to benefit through increased productivity. If a company caters for the welfare and the rights of the society, investors are more likely to invest in that company; no reasonable investor wants to be associated with a company that has a reputation of violating the rights of the society. Whereas

⁴⁸ Rahim MM (2013) 18.

⁴⁹ Kotler P & Lee N (2005) 16.

⁵⁰ Kotler P & Lee N (2005) 16.

⁵¹ McDonald-Gibson C 'The Flawed Diamond Sale: Sanctions Lifted on Gemstones from Zimbabwe' *The Independent* 15 December 2013 available at <http://www.independent.co.uk/news/world/africa/the-flawed-diamond-sale-sanctions-lifted-on-gemstones-from-zimbabwe-9006352.html> (accessed 02 May 2015).

⁵² McBarnet D 'Corporate social responsibility beyond law, through law, for law: the new corporate accountability' in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 9.

⁵³ Kotler P & Lee N (2005) 11.

failure to recognise CSR might lead to investors withdrawing from doing business with the company and that might lead to other investors losing confidence in the company too. Further, companies that are built around CSR are competitive and make it more difficult for rivals to compete on these grounds.⁵⁴

International instruments have also outlined different definitions of CSR that necessitate the achievement of development goals through CSR. The following section will look at how CSR has been defined by the ISO 26000, OECD, European Commission, United Nations Global Impact and ILO.

2.2.1: International Instruments and Corporate Social Responsibility

CSR has been a heated topic over the past years. As outlined above it has no single definition and thus, different international bodies have defined it in different ways.

2.2.1.1: International Organisation for Standardisation 26000: 2010

ISO26000 is an internationally body on CSR practice that provides guidance rather than requirements of CSR to all types of organisations.⁵⁵ It helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility, globally. CSR is defined as

‘the responsibility of an organisation for the impacts of its decision and activities on society and the environment, through transparency and ethical behaviour that contribute to sustainable development including health and welfare of society, takes into account the expectation of stakeholders, is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organisation and practices in its relationship’.⁵⁶

From this definition, businesses are required to act responsibly towards society to redress the impact that their activities have on society. Another guideline that emanates from the definition is that CSR activities must be carried out in a transparent manner and to ensure

⁵⁴ Crouch C ‘CSR and Changing Modes of Governance: Towards Corporate Noblesse Oblige?’ in Utting P & Marques JC (ed) *Corporate Social Responsibility and Regulatory Governance: Towards Inclusive Development?* 1ed (2010) 38.

⁵⁵ ISO 26000: 2010 available at <http://www.iso.org/iso/home/standards/iso26000.htm> (accessed 17 February 2015).

⁵⁶ TUV Rheinland ‘ISO 26000: Guidance on Social Responsibility’ available at https://www.tuv.com/media/india/informationcenter_1/systems/Corporate_Social_Responsibility.pdf (accessed 17 February 2015).

transparency, companies must include in their annual reports the CSR activities that they carried out. Ethical behaviour includes doing what is right to contribute to sustainable community development. Companies have to include CSR activities in their business strategies. ISO 26000:2010 is intended to assist organisations in contributing to sustainable development. It is intended to encourage companies to go beyond legal compliance and to promote common understanding in the field of social responsibility.⁵⁷

2.2.1.2: Organisation for Economic Development (OECD) Guidelines for Multinational Enterprises

The OECD Guidelines are a set of recommendations on responsible business conduct addressed by governments to multinational enterprises (MNEs) operating in or from adhering countries. At a multilateral level, the Guidelines are the only agreed upon corporate responsibility instrument that adhering governments have committed to promoting in a global context.⁵⁸ According to the Guidelines a responsible business attracts and boosts investment in the country.⁵⁹ Corporate responsibility involves the search for an effective fit between businesses and the societies in which they operate in.⁶⁰ The notion recognises the mutual dependence of business and society. A business sector cannot prosper if the society in which it operates is failing and a failing business is incapable of improving the welfare of the society.⁶¹ Therefore the Guidelines acknowledge that businesses do not operate in a vacuum but need society to prosper. The society has a role to play in nurturing the relationship with the business by investing in the many public goods used by business. This will help in fostering an atmosphere of mutual trust and predictability that facilitates the conduct of business and enhances economic, social and environmental welfare.⁶²

⁵⁷ ISO 26000:2010 'Guidance on Social Responsibility' available at

http://www.iso.org/iso/catalogue_detail?csnumber=42546 (accessed 20 March 2015).

⁵⁸ Organisation for Economic Co-operation and Development *Guidelines for Multinational Enterprises: Responsible Business Conduct Matters* (2014)2.

⁵⁹ Organisation for Economic Co-operation and Development (2014) 1.

⁶⁰ OECD *Policy brief: The OECD Principles of Corporate Governance* (2004)1.

⁶¹ OECD Guidelines for Multinational Enterprises: Corporate Responsibility available at <http://www.oecd.org/investment/mne/corporateresponsibilityfrequentlyaskedquestions.htm> (accessed 2 April 2015).

⁶² OECD Guidelines for Multinational Enterprises: Corporate Responsibility available at <http://www.oecd.org/investment/mne/corporateresponsibilityfrequentlyaskedquestions.htm> (accessed 2 April 2015).

2.2.1.3: European Commission (EC)

The European Commission defined CSR as the responsibility of enterprises for the impact the enterprises have on society.⁶³ To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.⁶⁴ CSR concerns actions by companies over and above their legal obligations towards society and the environment. The OECD Guidelines acknowledge that CSR is important for competitiveness of companies. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.⁶⁵ By addressing their social responsibility enterprises can build long-term employee, consumer and citizen trust as a basis for sustainable business models. Higher levels of trust in turn help to create an environment in which enterprises can innovate and grow.⁶⁶

2.2.1.4: United Nations Global Compact

The United Nations Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation.⁶⁷ The UN approach in realising this objective entails encouraging businesses into adopting and implementing sustainable and socially responsible business principles, and to report on the implementation of these principles.⁶⁸ Corporate sustainability is imperative for businesses because it is essential for long-term corporate success and for ensuring that markets deliver value across society. To be sustainable, companies must operate responsibly in alignment with universal principles and take actions that support the society around them.⁶⁹ Sustainable companies have to look beyond their own walls and take actions to support the societies around them. Companies are choosing to be active stakeholders in societies for the long run, knowing that they cannot thrive when the world around them is deteriorating.⁷⁰ Corporate sustainability

⁶³ European Commission Paper 681 *A Renewal EU Strategy 2011-14 for Corporate Social Responsibility* (2011) 6.

⁶⁴ European Commission Paper 681 (2011) 6.

⁶⁵ European Competitiveness Report 2008 (COM (2008) 774) and Accompanying *Staff Working Paper SEC* (2008) 2853.

⁶⁶ European Commission Paper 681 (2011) 3.

⁶⁷ Annan K 'The Global Compact. Corporate Leadership in the World Economy' available at <https://www.unimib.it/upload/annaninglese.pdf> (accessed 2 April 2015).

⁶⁸ Annan K 'An Appeal to World Business: UN Secretary General Proposes Global Compact on Human Rights, Labour and Environment' *World Economic Forum Annual Meeting* 1999 2.

⁶⁹ UN Global Compact *Guide to Corporate Sustainability: Shaping a sustainable Future* (2014) 7.

⁷⁰ UN Global Compact (2014) 8.

starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption.⁷¹ By incorporating the Global Compact principles into strategies, companies are upholding their basic responsibilities to the people, planet and profits.⁷² The principles are signed up to on a voluntary basis by the corporations. Daugareilh notes that the Global Compact is purely voluntary, has no mechanism for accountability, and is expressed in 'very "soft" language, without any threat of sanctions or disapproval, simply requiring companies to state that they have joined it'.⁷³

2.2.1.5: International Labour Organisation (ILO)

The concept of CSR is defined by the ILO as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and their interaction with other actors.⁷⁴ CSR is an integral part of company management, is systematic not occasional which means companies should constantly be involved in CSR and companies should not treat CSR as an act of charity. CSR is linked with sustainable development and not a substitute for the role of government or for collective bargaining or industrial relations.⁷⁵ Although companies have the responsibility towards the society this responsibility does not take away the government's duty to achieve the developmental goals within their respective countries.

2.3: To Regulate or Not To Regulate Corporate Social Responsibility?

Zerk states that the difficulties in defining CSR reflect a lack of agreement about the role the law should play in CSR.⁷⁶ The question is whether to regulate CSR or not in order to effectively achieve the developmental goals. CSR has the potential to lift millions out of poverty, but if not managed or regulated properly can exacerbate the cycle of poverty instead.⁷⁷ For example, through CSR employment can be created, infrastructure built and so

⁷¹ UN Global (2014) 11.

⁷² UN Global Compact (2014) 1.

⁷³ Daugareilh I 'Corporate norms on CSR and international norms' in Javillier JC (ed) *Governance, International Law and Corporate Societal Responsibility* (2007) 47.

⁷⁴ International Labour Organisation *The ILO and Corporate Social Responsibility (CSR)* (2009) 1.

⁷⁵ International Labour Organisation *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (1977) clause 2.

⁷⁶ This is commonly referred to as the voluntary versus mandatory debate. This debate continues to divide CSR professionals. (Zerk JA *Multinationals and Corporate Social Responsibility: Limitations and Opportunities in International Law* (2006) 32).

⁷⁷ Daugareilh I 'Corporate norms on CSR and international norms' in Javillier JC (ed) *Governance, International Law and Corporate Societal Responsibility* (2007) 47.

forth. According to OECD guidelines some multinational corporations (MNCs) show respect for CSR whereas other companies in an attempt to gain undue competitive advantage may be ignorant of the responsibility.⁷⁸ This is the case in environments where regulatory, legal, and institutional frameworks are underdeveloped or fragile.⁷⁹ This is true in countries where companies neglect their responsibility towards the society in order to gain undue competitive advantage. Therefore, from this point one may advocate for regulation of CSR to ensure that companies fulfil their responsibility towards the society. In addressing societal concerns while advancing the company's interests makes the company to be seen as a good corporate citizen.

According to ILO CSR is a voluntary initiative driven by the company and therefore legislating CSR would take away its voluntary nature. Enterprises should be willing to adopt a socially responsible conduct and be able to go beyond their legal obligations without being mandated by legislation to do so.⁸⁰ The EU stated that being socially responsible means going beyond compliance, investing more into the society and protecting the environment using company resources.⁸¹ Various scholars in their articles have shown that companies and industry organisations are against CSR regulation. The argument raised is that regulation would stifle innovation, damage national competitiveness and be counter-productive.⁸² Therefore, companies should be able to develop their own responses to CSR problems and through peer pressure, collectively raise the bar for the industry.⁸³ However, in economies like Zimbabwe where peer pressure is clearly not working there is a need to legislate CSR so that all companies get involved in addressing problems within the society.

CSR is voluntary in nature however McBarnet states that it is no longer purely voluntary.⁸⁴ She further articulates that there are different laws that have crept into the private space of CSR making it less voluntary. When engaging in CSR activities companies have to take into consideration international and national laws on human rights and environmental law,

⁷⁸ Organisation for Economic Co-operation and Development (2014) 1.

⁷⁹ Organisation for Economic Co-operation and Development (2014) 1.

⁸⁰ International Labour Organisation *The ILO and Corporate Social Responsibility (CSR)* (2009) 1.

⁸¹ Corporate Social Responsibility (CSR) in the EU available at <http://www.ec.europa.eu/social/main.jsp?catId=331&langId=en> (accessed 2 April 2015).

⁸² Zerk JA (2006) 33.

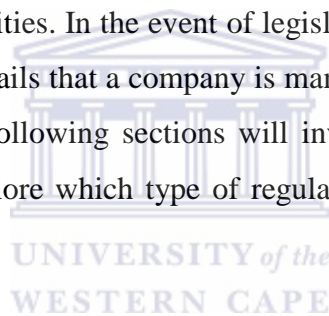
⁸³ CSR Europe 'Response to the European Commission Green Paper: For a European Framework on CSR' (2001) 3.

⁸⁴ McBarnet D, Voiculescu A & Campbell T *The New Corporate Accountability corporate Social Responsibility and the Law* (2007) 4.

therefore violations of such laws attracts legal sanctions.⁸⁵ Since CSR is no longer purely voluntary there is a need to have a uniform regulation governing CSR. There are mixed views on whether CSR should be voluntary or mandatory as a result no consensus has been reached by different scholars. From all the arguments that have been raised one would agree that there should be a middle ground between voluntary and mandatory CSR that can raise a platform for effective social responsibility. There are different types of CSR regulation that is self-regulation, co-regulation and mandatory legislation (state-regulation). The following sections will investigate which type of regulation is applicable for effective CSR implementation.

2.3.1: Types of Corporate Social Responsibility Regulation

There are different ways of regulating CSR that is self-regulation through voluntary codes, mandatory regulation and co-regulation where companies retain their voluntary codes and decide what initiatives to engage in.⁸⁶ However, legislation is put in place to monitor that companies fulfil their responsibilities. In the event of legislation, failure to adhere will attract sanctions and mandatory CSR entails that a company is mandated to partake in CSR activities (command and control).⁸⁷ The following sections will investigate whether CSR should be voluntary or mandatory and explore which type of regulation would be the best regulatory response.



2.3.1.1: Self-Regulation

Most of the CSR codes advocate for self-regulation of CSR by companies. These codes are voluntary in nature and they require companies to engage in CSR without any legislation compelling them to do so.⁸⁸ The EU Commission stressed that CSR is a concept where companies voluntarily contribute to a better society and clean environment⁸⁹, dismissing the need for mandatory legislation compelling companies to engage in CSR. ISO 26000 postulates that a business should be *willing* to include CSR in their economic activities.⁹⁰

⁸⁵ McBarnet D, Voiculescu A & Campbell T *The New Corporate Accountability corporate Social Responsibility and the Law* (2007) 4.

⁸⁶ Zerk JA (2006) 33.

⁸⁷ McBarnet D, Voiculescu A & Campbell T *The New Corporate Accountability Corporate Social Responsibility and the Law* (2007) 4.

⁸⁸ European Commission *Promoting a European Framework for Corporate Social Responsibility Green Paper COM (2001) 366 18 July 2001* 3.

⁸⁹ European Commission *Promoting a European Framework for Corporate Social Responsibility Green Paper COM (2001) 366 18 July 2001* 3.

⁹⁰ ISO 26000: 2010 available at <http://www.iso.org/iso/home/standards/iso26000.htm> (accessed 17 February 2015).

Businesses should be able to engage in CSR according to their will, without being mandated to develop communities. Companies should be able to engage in CSR activities because it is the right thing to do and without expecting anything in return. The International Chamber of Commerce (ICC) defined CSR as ‘the voluntary commitment by businesses to manage their roles in society in a responsible way’.⁹¹ All the above definitions clearly point out that CSR is voluntary in nature and that businesses must be willing to go beyond their legal obligations to engage in community activities rather than having the law dictate to them what to do. The responsibility extends beyond the corporations’ statutory obligation to comply with legislation.⁹² Zerk submits that a number of reports demonstrate that companies that are willingly engaging in socially responsible policies are better run, more attractive to investors, more efficient and therefore profitable.⁹³ Regulation should therefore be left entirely to the companies to define their own business conduct.

However, one may argue that the voluntariness of CSR has become blurred, the social contract between the society and the company, as well as the civil societies have created high expectations for the company to fulfil in form of CSR. Companies at the end of the day feel obliged to engage in these activities because there are expectations that have been placed on them. Based on this point it is misleading to describe CSR as voluntary⁹⁴ because there are different laws that have crept into the private space of CSR making it less voluntary. There are different laws such international and national laws on human rights and environmental laws that companies need to observe when engaging in CSR. If companies are in violation of these laws they face legal sanctions.⁹⁵

In most weak economies, corporations that self-regulate CSR through their internal strategies respond poorly to this responsibility.⁹⁶ Major laws relating to corporate regulation and responsibilities of these economies do not possess adequate on-going influence to insist on corporate self-regulation to create a socially responsible corporate culture.⁹⁷ Some countries such as Zimbabwe have poor corporate governance and companies such as Chisumbanje

⁹¹ International Chamber of Commerce *Business in Society Making a Positive and Responsible Contribution: A Voluntary Commitment by Business to Manage its Activities Responsibly* (2002) 4.

⁹² Mullerat R(2010) 21.

⁹³ Zerk JA (2006) 33.

⁹⁴ ‘If CSR is self-governance, it is nonetheless self-governance that has received a very firm push from external social and market forces’ (McBarnet D ‘Corporate social responsibility beyond law, through law, for law: the new corporate accountability’ in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 12.)

⁹⁵ McBarnet D, Voiculescu A & Campbell T (2007) 3.

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⁹⁷ Rahim MM (2013) 19.

Ethanol Plant, which shall be discussed later, have openly refused to get involved in CSR activities.⁹⁸ The Zimbabwean government cannot compel the company to do so because there is no specific CSR legislation governing the conduct of the company. Hence, the call for CSR legislation to compel companies to take into consideration the welfare of the society they operate in. Legislating CSR will influence companies in Zimbabwe to get more involved in taking care of the development needed in the respective societies they operate in. Voluntary CSR is insufficient in itself as it does not guarantee responsible corporate behaviour.⁹⁹ The following section will investigate the pros and cons of mandatory CSR.

2.3.1.2: Mandatory CSR

Mandatory CSR entails enacting legislation that fully compels companies to engage or be active participants of CSR. Some companies struggle with voluntary principles and standards in which arguments have been made that there is need for a move towards full regulation for full compliance of CSR. The CORE Coalition believes that the voluntary approach has failed and the only way CSR will succeed is through legislation that would make companies value people and the planet, as much as they value making profit.¹⁰⁰ Companies would know what is expected of them, thereby promoting a level playing field if there is full regulation of CSR.¹⁰¹ However, CSR is more prevalent among big business, but what about small and medium sized companies (SMEs)?¹⁰² Multinational companies (MNCs) in Zimbabwe such as Econet, Delta Beverages, Unki Mine are active in developing communities.¹⁰³ There are some MNCs that are doing well financially despite the weak economy, but are not involved in CSR activities. Local companies with emphasis on SMEs are ignorant of their responsibility to address society's biggest problems. Although one may appreciate the fact that part of the ignorance is attributed to the companies' failure to capitalise in an ailing

⁹⁸ Mushava E 'I will not support share ownership scheme' *NewsDay* 14 October 2013 available at <https://www.newsday.co.zw/2013/10/14/will-wupport-share-ownership-scheme-mp/> (accessed 30 April 2015).

⁹⁹ Zerk JA (2006) 33.

¹⁰⁰ CORE 'What we do' available at <http://www.corporate-responsibility.org/about-core/what-we-do-2/> (accessed 04 May 2015).

¹⁰¹ MHCi Monthly Feature 'CSR and Legislation' (2010) available at <http://www.mhcinternational.com/monthly-features/articles/113-csr-and-legislation> (accessed 18 February 2015).

¹⁰² McBarnet D 'Corporate social responsibility beyond law, through law, for law: the new corporate accountability' in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 26.

¹⁰³ Mandina SP, Maravire C & Masere VS 'Effectiveness of Corporate Social Responsibility in Enhancing Company Image' (2014) 6 *European Journal of Business & Management* 153.

economy.¹⁰⁴ In fully regulating CSR rogue companies would find it more difficult to compete with companies that are responsible towards the society.¹⁰⁵ More and more companies are already focusing voluntarily on CSR issues but it is clear in the light of the poor corporate governance that resulted in both the Enron and World Com debacles that some further form of legislation is necessary.¹⁰⁶

If CSR is regulated and all companies reach out to the key issue of under-development around the world the wider community would benefit. Legislation could help create certainty, improve profitability, growth and sustainability.¹⁰⁷ In other words, legislation would help create uniformity for companies and stakeholders can be able to do business with companies that they trust, improving profit and creating long-term business relationship. If there is no specific regulation for CSR activities, companies tend to cut corners to safeguard their bottom-line, that is, maximising their profits but reducing the value of their products and service to the end user.¹⁰⁸ It has been argued that voluntary initiatives are not sufficient to protect workers' and citizens' rights. CSR is slowly becoming mandatory around the world.¹⁰⁹

The Socialist and Green Members of the European Parliament urged the European Commission to impose binding rules on CSR.¹¹⁰ Ruggie submits that there is a need for legislation to ensure that companies are engaging in CSR. He further submits that governments be brought back into the equation for compliance efforts to succeed. He states that only legal regulation can provide systematic impact.¹¹¹ Mandating CSR would apply to and be enforceable against all companies. Having CSR legislation would create fairness,

¹⁰⁴ 'Local Companies Must Uphold CSR' *The Standard* 2 December 2012 available at <http://www.thestandard.co.zw/2012/12/02/local-companies-must-uphold-csr/> (accessed 04 May 2015).

¹⁰⁵ Hopkins M 'Corporate Social Responsibility: An Issues Paper' (2004) *Working Paper No. 27 7*.

¹⁰⁶ The Enron and World Com Scandals involved companies that fraudulently collected all profits and hid it away from all the stakeholders(MHCi Monthly Feature 'CSR and Legislation' (2010) available at <http://www.mhcinternational.com/monthly-features/articles/113-csr-and-legislation>(accessed 18 February 2015)).

¹⁰⁷ MHCi Monthly Feature 'CSR and Legislation' (2010) available at <http://www.mhcinternational.com/monthly-features/articles/113-csr-and-legislation> (accessed 18 February 2015).

¹⁰⁸ MHCi Monthly Feature 'CSR and Legislation' (2010) available at <http://www.mhcinternational.com/monthly-features/articles/113-csr-and-legislation> (accessed 18 February 2015).

¹⁰⁹ Hopkins M 'Corporate Social Responsibility: An Issues Paper' (2004) *Working Paper No. 27 7*.

¹¹⁰ European Commission *Commission Communication of 2 July 2002 on "Corporate Social Responsibility: A business contribution to Sustainable Development"* 347 final (2002) COM4.

¹¹¹ Ruggie JG 'Corporate Social responsibility' 2006 *Remarks Delivered at a Forum on CSR: Bamberg* 5.

create a level platform for businesses and would be effective in compelling businesses to partake in CSR activities.¹¹² According to the EU Green paper in July 2001 stated that;

In countries where such regulations do not exist, efforts should focus on putting the proper regulatory or legislative framework in place in order to define a level playing field on the basis of which socially responsible practices can be developed.¹¹³

There have been arguments that the reason why new legislation would set CSR back is that companies would deliver what the law requires, but never more.¹¹⁴ Tiemeni in his research proved that CSR performance within companies is limited by legislation.¹¹⁵ He looked at different companies such as Total S.A and Nestle S.A and drew a conclusion that the companies performed well through self-regulation of CSR.¹¹⁶ Legislating CSR increases the cost of compliance, monitoring and enforcement of CSR which becomes cumbersome to some businesses. Costs of operation could rise above those required for continued profitability and sustainability.¹¹⁷ Therefore there has to be a middle-ground between self-regulation and full regulation where CSR can be fully implemented and be effective.

2.3.1.3: Co-Regulation

Co-regulation of CSR involves an element of governmental oversight over some self-regulatory systems. CSR should not be completely voluntary but there should be frameworks requiring a minimum level of CSR.¹¹⁸ Many CSR-related issues are already closely regulated.¹¹⁹ The law is no longer quite separate from CSR as new legal pressures and new

¹¹² McBarnet D 'Corporate social responsibility beyond law, through law, for law: the new corporate accountability' in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 29.

¹¹³ European Commission *Promoting a European Framework for Corporate Social Responsibility* Green Paper COM (2001) 366 18 July 2001 para 22.

¹¹⁴ MHCi Monthly Feature 'CSR and Legislation' (2010) available at <http://www.mhcinternational.com/monthly-features/articles/113-csr-and-legislation> (accessed 18 February 2015).

¹¹⁵ Tiemeni TG *Labour Rights and Working Conditions in Corporate Codes of Conduct: An assessment of the legal dimension, in different national contexts, of selected multinational corporations* (unpublished LLD thesis, University of Western Cape, 2014) 231.

¹¹⁶ Tiemeni TG *Labour Rights and Working Conditions in Corporate Codes of Conduct: An assessment of the legal dimension, in different national contexts, of selected multinational corporations* (unpublished LLD thesis, University of Western Cape, 2014) 231.

¹¹⁷ Hopkins M (2004) 8.

¹¹⁸ Kabemba C 'Caring Without Control: Corporate Social Responsibility' (2012) available at <http://www.osisa.org/books/regional/caring-without-control-corporate-social-responsibility> (accessed 31 March 2015).

¹¹⁹ Kabemba C 'Caring Without Control: Corporate Social Responsibility' (2012) available at <http://www.osisa.org/books/regional/caring-without-control-corporate-social-responsibility> (accessed 31 March 2015).

legal mechanisms to enforce CSR policies have been brought into play.¹²⁰ CSR and the law are intertwined this is illustrated by the fact that CSR-related issues such as environmental standards and consumer protection are regulated.¹²¹ Companies should be able to self-regulate CSR in accordance with their company structure and needs. There is a need for minimum legislative standards which is backed up by sanctions.¹²² There has to be legislation enacted to monitor whether companies are fulfilling (compliance) their social responsibilities. Such co-regulation will enable companies to go beyond what the law requires of them as it does not take away the voluntariness of CSR from companies. Such regulation will also encourage other passive companies to actively engage in CSR activities. Zerk stipulates that the law is amongst factors that influence social responsibility; therefore regulating CSR will promote a corporate culture.¹²³

Some countries have taken the route of co-regulating CSR, France being one of them. France has co-regulated CSR acknowledging the voluntary aspect of CSR, but imposing an obligation on corporations to formally report and openly communicate on their social and environmental performance.¹²⁴ Orbie and Babarinde consider France to be part of a group of European countries (alongside Belgium and The Netherlands) which has enacted legislation to ensure compliance with CSR.¹²⁵ According to Tiemeni active state participation is seen as a major characteristic of the French CSR framework.¹²⁶ Section 225 of the Grenelle II Act elaborates on mandatory information to be included in a corporate social and environmental report.¹²⁷ Thus, law can be used to promote social accountability within companies.

The key question remains, who will be the regulator? Is it the government, international bodies like the UN or an independent body? If a regulation is passed there has to be a kind of monitoring put into place to corruption, in terms of how well the money would be used. An independent body free from political influence is suitable to effectively monitor CSR. If the

¹²⁰ McBarnet D 'Corporate social responsibility beyond law, through law, for law: the new corporate accountability' in McBarnet D, Voiculescu A & Campbell T (ed) *The New Corporate Accountability: Corporate Social Responsibility and the Law* 1ed (2007) 31.

¹²¹ Zerk JA (2006) 34.

¹²² Zerk JA (2006) 36.

¹²³ Zerk JA (2006) 35.

¹²⁴ Delbard O 'CSR legislation in France and the European Regulatory Paradox: An analysis of EU CSR Policy and Sustainability Reporting Practice' (2008) 8 (4) *Corporate Governance: The International Journal of Business in Society* 403.

¹²⁵ Orbie J & Babarinde O 'The Social Dimension of Globalization and EU Development Policy: Promoting Core Labour Standards and Corporate Social Responsibility' (2008) 30(3) *European Integration* 470.

¹²⁶ Tiemeni TG *Labour Rights and Working Conditions in Corporate Codes of Conduct: An assessment of the legal dimension, in different national contexts, of selected multinational corporations* (unpublished LLD thesis, University of Western Cape, 2014) 134.

¹²⁷ S 225 of Grenelle II Act of 2010.

government regulates such activities it might hide behind CSR to evade its responsibility towards the community. Despite not having a specific mandatory CSR legislation in Zimbabwe, the legislature has nonetheless played a part in fostering CSR through the Minerals and Mines Act, Indigenisation and Economic Empowerment Act and the Companies Act.

2.4: Regulation of Corporate Social Responsibility in Zimbabwe

In Zimbabwe CSR is not a foreign concept; however, the regulation of it is fragmented. In the mining sector CSR is mandatory, whereas in the private sector CSR is deemed to be voluntary as there is no legislation governing it. CSR is governed by different legislations and policies that will be fully discussed below such as the Mines and Minerals Act, Indigenisation and Economic Empowerment Act, Companies Act and the incoming National Code of Corporate Governance.

2.4.1: Mines and Minerals Act (Chapter 21:05)

In Zimbabwe the Mines and Minerals Act¹²⁸ governs the resource extraction industry to ensure that the extraction of the minerals is not done in a way that is detrimental to the environment and the communities living in those areas.¹²⁹ The mining sector is currently a major foreign currency earner and the sector has managed to withstand the economic hardships.¹³⁰ The sector has the potential to boost the growth of the economy by creating jobs and earning foreign currency.¹³¹ The legislation was enacted to protect the social and environmental rights of communities as one of the objectives of the Act but the implementation of these provisions remains problematic.¹³² The Act regulates CSR activities in the mining sector with the aim of remedying unfavourable conditions of life caused by the mining companies in the communities.¹³³

¹²⁸ Mines and Minerals Act (Chapter 21:05).

¹²⁹ S 188 Mines and Minerals Act.

¹³⁰ Despite the closure and downsizing of a number of mining companies, mineral resources continue to be extracted and exported and the mining industry continues to survive in Zimbabwe (Murombo T 'Law and the Indigenisation of Mineral Resources in Zimbabwe: An Equity for Local Communities?' (2010) 25 *SAPL* 568.)

¹³¹ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013- 2018) *Economic Policy* 20.

¹³² 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹³³ S 188 Mines and Minerals Act.

However, the question is what happens to the wealth generated by these mining activities?¹³⁴ There is little evidence shown of the wealth trickling down to the communities. In terms of s188 (7) compensation for the land is paid to the Rural District Council acting as landowners in communal lands.¹³⁵ However such compensation is barely used to advance the development in those communities which is an indication that the rights of the communal residents are not protected by the Act.¹³⁶ The Zimbabwean constitution has included environmental,¹³⁷ social, cultural, and economic rights, which is likely to influence the way extractive industries deal with communities' social and environmental rights.¹³⁸ Zimbabwe's Constitution protects the right to safe, clean and potable water and sufficient food.¹³⁹ In practise some mining companies in Zimbabwe have been compensating communities by directly providing them with money, houses and other social services, but such practise is not uniform within the sector.¹⁴⁰ Other mining companies are not interested in engaging in CSR activities though the Act mandates them to do so.

Another question is whether the Act promotes the interests of local communities and ensures that the mining industry is socially, economically and environmentally sustainable?¹⁴¹ Communities are forcibly displaced to make way for mining operations in the process losing their shelter, lifestyle and livelihood. In Marange, the communities that were forcefully displaced by the Marange diamond mine and did not receive the compensation they had been promised.¹⁴² The government and the mining companies only paid disturbance allowances of US\$1,000 per household and resettlement houses to the communities. The government and mining companies argued that the communities were not entitled to compensation since the land did not belong to the communities.¹⁴³ Whilst decent houses were built for the families, adequate land for cultivation and pastures was not provided to the families that relied on

¹³⁴ Murombo T (2010)568.

¹³⁵ s 188 (7) Mines and Minerals Act.

¹³⁶ s 188 (7) Mines and Minerals Act.

¹³⁷ s73 (1) (a) states that 'every person has the right to an environment that is not harmful to their health or well-being' (Constitution of Zimbabwe Amendment Act No. 20 of 2013).

¹³⁸ Constitution of Zimbabwe Amendment Act No. 20 of 2013.

¹³⁹ s 77 (a)-(b) which states that every person has the right to safe, clean and potable water and sufficient food (Constitution of Zimbabwe Amendment Act No. 20 of 2013).

¹⁴⁰ 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁴¹ MuromboT (2010) 568.

¹⁴² 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134>(accessed 31 March 2015).

¹⁴³ 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134>(accessed 31 March 2015).

subsistence farming.¹⁴⁴ The mine is polluting the major source of water for the community and not much has been done to rectify it. From this point, one can argue that the regulating CSR in the mining sector exists in theory, but lacks proper implementation in practice.

One of the shortcomings of the Act is that it has failed to turn out around the sector into a socially and environmentally sustainable industry. A solid example that can be cited is the Marange case mentioned above, where families are yet to receive compensation to date. This contrasts with s188 (2), which provides that compensation must be made by holders of mining rights to private landowners when a mining operation is established.¹⁴⁵ The state is also encouraged to implement the legislation effectively to ensure that local communities benefit from the resources in their areas. Mining companies benefit by depleting resources within those communities they operate in. After depleting the mineral resources mining companies tend to leave the land degraded and the environment polluted, leaving people in worse situations than they were before. Therefore there is a need for those companies to engage in CSR, give back to the community and improve the lives of the people living in that community. Principle 10 of the Rio Declaration states that all citizens have the right to participate in natural resource development decisions, to access information and to seek appropriate forms of redress for environmental harm.¹⁴⁶

2.4.2: Indigenisation and Economic Empowerment Act¹⁴⁷

Historically, indigenous communities have been side lined and prevented from benefiting from their mineral resources in a sector dominated by MNCs. Zimbabwe has developed a legal framework to empower local communities to derive direct economic benefits from the natural resources mined in their communities.¹⁴⁸ One can say that the Indigenisation and Economic Empowerment Act was enacted to fast-track the reform of the mining sector and supporting broad economic empowerment.¹⁴⁹ The objectives of Act include the need to open up the mining sector to foreign and domestic investment and on the other hand empowering

¹⁴⁴ Environmental Justice Trade and Liabilities project ‘The story of Zimbabwe’s Marange Diamonds: Pollution, Politics, Power’ *The Africa* 12 December 2012 available at <http://www.theafricareport.com/news-analysis/the-story-of-zimbawes-marange-diamonds-pollution-politics-power.html> (accessed 05 May 2015).

¹⁴⁵ s 188 (2) Mines and Minerals Act.

¹⁴⁶ ‘Land, Biodiversity and Extractive Industries in Southern Africa’ available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁴⁷ Indigenisation and Economic Empowerment Act 14 of 2007 (Chapter 14: 33).

¹⁴⁸ ‘Land, Biodiversity and Extractive Industries in Southern Africa’ available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁴⁹ Murombo T (2010) 572.

indigenous Zimbabweans in the mining industry to ensure social and economic equity. However, balancing the two objectives has proven to be difficult in an unstable economy.¹⁵⁰

The Act resulted in the establishment of Community Share Ownership Schemes giving at least a 10 per cent shareholding in mines to the local communities.¹⁵¹ The main purpose of the schemes is to gather funds to enhance the development of communities.¹⁵² The Act is meant for organisations that have an asset base balance-sheet of \$500,000 or more.¹⁵³ This mandates foreign and white owned Zimbabwe companies to give a minimum 51 per cent stake to black Zimbabweans within 5 years. The Act has been met by opposition by companies that are not willing to give away their shares with the community. The failure to effectively implement the schemes throughout the extractive sector can be attributed to lack of consensus between the government and the companies pertaining to the schemes.¹⁵⁴

The Act requires these organisations give up half of their shares into the communities that they operate in. In Zimbabwe the Indigenisation Act in the mining sector, which led to CSR in terms of the Community Share Ownership Trust, has become a legal regulation.¹⁵⁵ Community share schemes do not have legal existence in relation to the Act, there is nowhere in the Act that compels companies to donate money to a community share scheme.¹⁵⁶ Only s16 in the Act promotes CSR within companies.¹⁵⁷ The trusts were launched by President Mugabe in 2012 with the expectation of transforming communities where mining companies are operating.¹⁵⁸ Critics of CSR state that CSR under this Act is not fully effective as foreign companies have pulled out from investing in the country affecting the economy and foreign direct investment.¹⁵⁹ Although some foreign owned companies have complied such as

¹⁵⁰ Murombo T (2010) 572.

¹⁵¹ The Indigenisation and Economic Empowerment Act 14 of 2007 (Chapter 14: 33).

¹⁵² Kabemba C 'Caring Without Control: Corporate Social Responsibility' (2012) available at <http://www.osisa.org/books/regional/caring-without-control-corporate-social-responsibility> (accessed 31 March 2015).

¹⁵³ The Indigenisation and Economic Empowerment Act 14 of 2007 (Chapter 14: 33).

¹⁵⁴ Murombo T (2010) 575.

¹⁵⁵ Mazibananga T *In what ways can CSR be adopted as a sustainable business strategy? – A case study of Zimbabwe companies* (unpublished MBA thesis, University of Liverpool, 2012) 13.

¹⁵⁶ Nyamutata C 'Indigenisation or Indigenous confusion?' *DailyNews Live* 17 December 2014 available at http://www.zimbabwesituation.com/news/zimsit_indigenisation-or-indigenous_confusion/ (accessed 4 April 2015).

¹⁵⁷ S16 (3) states that all businesses should contribute socially to the communities they serve (The Indigenisation and Economic Empowerment Act 14 of 2007).

¹⁵⁸ 'Government Probes Community Share Ownership Trusts' *The Herald* 23 January 2014 available at <http://www.herald.co.zw/govt-probes-community-share-ownership-trusts/> (accessed 06 May 2015).

¹⁵⁹ Nyamutata C 'Indigenisation or Indigenous confusion?' *DailyNews Live* 17 December 2014 available at http://www.zimbabwesituation.com/news/zimsit_indigenisation-or-indigenous_confusion/ (accessed 4 April 2015).

Zimplats, Old Mutual and Unki Mine, the Act has not yielded visible positive results on the welfare of the society. The CSOS reports have shown that some amounts pledged or understood to have been pledged into some of the community shared ownership trusts have not been disbursed as hoped.¹⁶⁰

2.4.2.1: Community Share Ownership Scheme/ Trust¹⁶¹:

In Zimbabwe CSR for businesses involved in the extraction of natural resources is facilitated through community share ownership schemes (CSOS/T).¹⁶² As discussed in the section above the schemes have been met by different reactions with some companies being for the scheme and others against the scheme. One can state that this is the form of reaction anticipated from companies for mandating a concept that is voluntary in nature. According to Mambo the diamond mining firms in Marange have not honoured their pledge to pay \$10 million into the Marange-Zimunya Community Share Ownership Trust.¹⁶³ The companies in their defence stated that they never pledged to pay such amount and those that had pledged were willing to pay only \$1.5 million instead of the required \$10 million. There is no transparency when it comes to the schemes as some mining firms have claimed to have paid the money to the ministers instead of the community share ownership trust.¹⁶⁴ As stated above, the disadvantages of mandating CSR are that the rich end up benefitting from it instead of the community and such wealth fails to trickle down to the communities. The people in Marange continue being impoverished, yet the natural resources are being extracted by the mining firms day and night in their communities. In retaliation the Marange-Zimunya communities have threatened to close the diamond mining activities until the firms engage in CSR and address social causes in the area.¹⁶⁵

¹⁶⁰ Mzumara M 'Indigenisation Act continues to create confusion' *The Financial Gazette* 5 June 2014 available at http://www.zimbabwesituation.com/news/zimsit_indigenisation-act-continues-to-create-confusion/ (accessed 4 April 2015).

¹⁶¹ s 14 of Indigenisation and Economic Empowerment (General) Regulations Statutory Instrument 21 of 2010.

¹⁶² Mabheba C & Moyo F 'Community Share Ownership Trust scheme and empowerment: The case of Gwanda Rural District; Matabeleland South Province in Zimbabwe' (2014) 19 *IOSR Journal of Humanities and Social Sciences* 73.

¹⁶³ Mambo L 'Chaos Mars Share Ownership Trusts' 17 April 2014 available at <http://www.theindependent.co.za/2014/04/17/chaos-mars-share-ownership-trusts/> (accessed 06 May 2015).

¹⁶⁴ Mambo L 'Chaos Mars Share Ownership Trusts' 17 April 2014 available at <http://www.theindependent.co.za/2014/04/17/chaos-mars-share-ownership-trusts/> (accessed 06 May 2015).

¹⁶⁵ Zimbabwe Broadcasting Corporation 'Marange, Zimunya Communities Threaten to Close Diamond Mines' 12 March 2015 available at <http://www.zbc.co.zw/news-categories/top-stories/53717-marange-zimunya-community-threaten-to-stop-diamond-mining/> (accessed 06 May 2015).

Other companies such as Zimplats have managed to pay the \$10 million into the community ownership scheme. As a result; infrastructure, housing, schools and roads have been built in those communities.¹⁶⁶ The communities in the Chisumbanje area are not benefitting from the Chisumbanje Ethanol Plant. The plant is worth US\$600 million and is the first large-scale ethanol producing factory in sub-Saharan Africa which manufactures anhydrous ethanol from sugar cane. The Chisumbanje Ethanol Plant affected the community in every aspect of their lives ranging from loss of livelihood strategies, dispossession, displacement and loss of social and economic status.¹⁶⁷ The company has not done much to restore the status quo¹⁶⁸ of the affected community or to engage in activities meant for the development of that community. The company has not lived up to the community expectations. The Green Fuel company has expressed its disinterest to engage in community ownership schemes as it claims to have done enough for the community.¹⁶⁹ There is no visible evidence at Chisumbanje to back up those claims. The government has not taken any actions against the company to compel it to engage in CSOS. Hence, there is a need for uniform implementation across sectors of the schemes for the companies to be socially responsible for the welfare of the community.

2.4.3: National code of Corporate Governance

Good corporate governance requires corporate boards to be accountable, loyal, responsible, transparent and independent in order to act in the best interests of the organisation and society.¹⁷⁰ The corporate governance code for Zimbabwe has not come into full effect yet; the code is silent on stakeholder interests and CSR. In the absence of a national code of corporate governance companies in Zimbabwe adopted the King Report II. The King Report establishes seven good corporate governance elements one of them being social responsibility. The report requires those companies that have adopted the code to comply with the report or

¹⁶⁶ Mabhena C & Moyo F (2014) 73.

¹⁶⁷ Mandihlare CM 'Large Scale land Acquisition and Its Implication on Rural livelihoods: the Chisumbanje Ethanol plant Case, Zimbabwe' (2013) *International Institute of Social Studies* ix.

¹⁶⁸ Before the project was launched local communities used to make a living through farming cotton, maize, sorghum and livestock before being displaced. When the project was launched the people lost their land which was the major source of income (Mandihlare CM 'Large Scale land Acquisition and Its Implication on Rural livelihoods: the Chisumbanje Ethanol Plant Case, Zimbabwe' (2013) *International Institute of Social Studies* 3).

¹⁶⁹ Mushava E 'I will not support share ownership scheme' *NewsDay* 14 October 2013 available at <https://www.newsday.co.zw/2013/10/14/will-wupport-share-ownership-scheme-mp/> (accessed 30 April 2015).

¹⁷⁰ National Code of Corporate Governance available at http://www.nccg.co.zw/index.php?option=com_content&view=article&id=50&Itemid=97 (accessed 31 March 2015).

justify their failure to adhere to the code.¹⁷¹ Some of the companies in Zimbabwe that adopted the King Report II took up the responsibility of addressing serious social issues. Other companies ignored their social duty and failed to give an explanation for their failure to adhere to the report. However, the Zimbabwe's Companies Act states that companies must engage in CSR activities but does not stipulate how or what companies should do to address societal concerns.¹⁷²

2.5: A Case Study of Corporate Social Responsibility in Zimbabwe

Zimbabwe CSR has characteristics that are local to Zimbabwe.¹⁷³ The political turmoil in the country has had a negative impact on the businesses in the country.¹⁷⁴ The country's economic outlook has been poor and its risk outlook as an investment destination has deteriorated over the past years. Some companies are uncertain of their expected CSR requirements and provisions, hence the need for a CSR regulation that will be fully implemented.¹⁷⁵ Lack of enforcement of existing laws and policies has led to companies undermining their social and environmental responsibilities. On paper the country has well-established institutions and progressive laws, but implementation and enforcement is lagging behind.¹⁷⁶ In some cases, the government and mining companies forcibly remove communities to make way for mining without providing them with adequate compensation. In many cases, communities that are forced off their land are neither consulted nor compensated.¹⁷⁷ Even though some of the mining companies are involved in CSR these companies are not doing enough for their local communities, in comparison with the returns that they get from the minerals.¹⁷⁸ Other mining companies are neglecting the community and turning a blind eye to the plight of the community.¹⁷⁹ Mining companies have a responsibility to improve the lives of the societies they operate in because of the fact that

¹⁷¹ King II Report on Corporate Governance for South Africa 2002.

¹⁷² Companies Act (Chapter 24:03)

¹⁷³ Mazibananga T (2012) 9.

¹⁷⁴ Mazibananga T (2012) 9.

¹⁷⁵ Mazibananga T (2012) 13.

¹⁷⁶ 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁷⁷ 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁷⁸ Mandina SP, Maravire C & Masere VS (2014) 153.

¹⁷⁹ Mandina SP, Maravire C & Masere VS (2014) 153.

the profits that they receive are a result of the minerals they acquire from the land that belongs to the community.¹⁸⁰

According to The Standard people in communities that are near manufacturing industries and close to mines are be exposed to dangerous toxic waste and emissions. These include polluted air, dust and fuel substances including gases borne out of dumped toxic waste and polluted water sources.¹⁸¹ This is the fate of the people of Chisumbanje who have become victims of a polluted air and water which has led to the death of their livestock. The Chisumbanje Ethanol Plant has not done enough to solve the problem.¹⁸² There is no legislation in the country regulating the effects of mining companies' operations on the society. However, some mining corporations have established beneficial social and infrastructure programs in their communities, such as building dams to improve the reliability of water supply to the area, and financial contributions to local schools and health clinics.¹⁸³

In Zimbabwe CSR is mainly prevalent in the mining sector and a bit in the manufacturing sectors. However, other sectors focus on maximising profits rather than being socially responsible. Most of the businesses including small to medium businesses adopt strategies that prioritise immediate financial gain rather than strategies that advance the welfare of the society.¹⁸⁴ Maphosa states that shareholder interests and the need to maximise profits is more prominently reported and expressed than CSR and social activities.¹⁸⁵ Kakava in his study stated that eighty per cent of the companies in Zimbabwe focus on corporate philanthropy activities rather than corporate social responsibility.¹⁸⁶ The disadvantage of philanthropic acts is that they provide short term solutions, hence the need for companies to engage in CSR to provide long term solutions to the community and environment. There is also a need for the

¹⁸⁰ 'Land, Biodiversity and Extractive Industries in Southern Africa' available at <http://www.osisa.org/book/export/html/5134> (accessed 31 March 2015).

¹⁸¹ 'Zimbabwe: Poor Corporate Social Responsibility Violates Environmental Right' *The Standard* 4 May 2014 available at <http://www.allafrica.com/stories/201405040054.html> (accessed 31 March 2015).

¹⁸² 'Parliament of Zimbabwe 2013' 40 available at http://www.parlzim.gov.zw/attachments/article/30/20_February_2013_39-11.pdf (accessed 31 March 2015).

¹⁸³ 'Social Impacts' available at http://www.angloplatinum.com/def_main.asp?Id=sustainable_development/sd_social_impacts/sd_si_chair_fund/sd_si_chair_fund_main.asp&Related=true (accessed 31 March 2015).

¹⁸⁴ MazibanangaT (2012) 13.

¹⁸⁵ Maphosa F 'Corporate Social Responsibility in Zimbabwe: A Context Analysis of Mission Statements and Annual Reports' (1997) 24 *Journal of the University of Zimbabwe* 186.

¹⁸⁶ Kakava NZ, Mbizi R & Manyeruke J 'Beyond Philanthropy to Sustainable Community Development- Evaluation of Corporate Social Responsibilities Activities in Zimbabwe' 4 *Interdisciplinary Journal of Contemporary Research in Business* (2013) 674.

government to give incentives to businesses in order to promote a social responsible conduct.¹⁸⁷

Some companies in the private sector appreciate the need for CSR and have included corporate social responsibility as one of their values on their mission statements. Such companies are involved in low cost activities such as scholarships, donations to charitable organisations, institutions to help the less privileged and sponsorships of entertainment programs.¹⁸⁸ The reason for engaging in low cost programmes is because of the lack of financial capacity to engage in activities that are costly. In Zimbabwe most companies have been taken over by politicians who have used social responsibility as campaigning tool rather than a tool to sustainable community development.¹⁸⁹

There is a need for an environment that adequately regulates CSR in order to advance the achievement of DGs.¹⁹⁰ Companies may supplement government efforts in achieving DGs, therefore there is a need for most companies whether small or big to engage in some form of CSR activities.

2.5.1: Reasons to Co-regulate Social Responsibility in Zimbabwe

Co-regulating CSR will promote a behaviour that exceeds some existing standards and spread it amongst companies. There are arguments that businesses need to operate in a free market which involves the minimisation of tax and regulation. However, one may argue that in a crippled economy businesses are not acting in a corporate social responsible way and therefore there is need to regulate CSR.¹⁹¹ Such regulation should be structured in such a manner that there is no excessive dependency of the government on big business and that the voluntary aspect of CSR is not taken away from companies. The role of the legislation will be to monitor CSR compliance by different organisations. CSR can encompass many areas, responsibilities to stakeholders includes human rights, health and safety, labour rights and environmental responsibilities. Bringing this into legislation means the government will get

¹⁸⁷ Ncube W ‘Speech: Policy, Legal and Technical Opportunities and Challenges for participation in Corporate Social Investments by the Corporate Sector in Zimbabwe’ (2012) *Inaugural Corporate Social Responsibility Indaba* 11.

¹⁸⁸ Kakava NZ, Mbizi R & Manyeruke J (2013) 678.

¹⁸⁹ Kakava NZ, Mbizi R, & Manyeruke J (2013) 678.

¹⁹⁰ Werner K & Besad H ‘The Environment and Corporate Governance in Zimbabwe’ 2010 *The Centre for International Governance Innovation Policy Brief* 2.

¹⁹¹ Machadu C ‘Social Responsibility Lacking’ *The Zimbabwean* 31 October 2012 available at <http://www.thezimbabwean.co/business/business-analysis/61916/social-responsibility-lacking.html> (accessed 17 February 2015).

assistance in tackling development issues. If there is regulation companies would be certain of their expected legal requirements and provisions.¹⁹²

Although there is no one clear specific law compelling companies to be involved in social responsibility, members of the community have certain expectations.¹⁹³ Many clients prefer to buy products from companies which are involved in CSR programmes. Econet is amongst companies that are involved in CSR and as such the company has been able to secure trust amongst its clients and attract other clients as well. The company has been giving out scholarships to underprivileged students under the Joshua Nkomo Scholarship Fund and Capernaum Trust for a long period whereas other companies have turned a blind eye to such responsibility.¹⁹⁴ In the manufacturing industry Tongaat-Hulett, Delta and ZIMASCO are amongst the few companies in that sector that run social responsibility programmes.¹⁹⁵ These are few big companies that are engaging in CSR, however, some state parastatals, small and medium enterprise (SMEs) and some foreign companies are inactive when it comes to CSR. Many companies in Zimbabwe argue that they are not performing well enough to be involved in CSR. Yet, there are also companies that are doing very well but are not involved in any social responsibility activities. Companies can become great enterprises if they start contributing their resources through various CSR programmes towards the society.¹⁹⁶

Many companies in the mining sector have formed community share ownership trusts, to give back a significant percentage of their profits to the local communities in which they operate.¹⁹⁷ Although this is law under the Indigenisation and Economic Empowerment Act, it is also a CSR oriented approach towards doing business. Zimbabwean firms may embrace CSR because it is an integral part of a successful and sustainable business strategy, pre-empting social and environmental problems while optimising conditions for long-term

¹⁹² Segerlund L 'Corporate Social Responsibility: Towards New Rules for Transnational Corporations' 2005 *ECPR Conference Budapest* 6.

¹⁹³ Machadu C 'Social Responsibility Lacking' *The Zimbabwean* 31 October 2012 available at <http://www.thezimbabwean.co/business/business-analysis/61916/social-responsibility-lacking.html> accessed 17 February 2015.

¹⁹⁴ 'Higher Life Foundation' available at <http://www.higherlifefoundation.com/joshua-nkomo-scholarship-fund/> (accessed 04 May 2015).

¹⁹⁵ Machadu C 'Social Responsibility Lacking' *The Zimbabwean* 31 October 2012 available at <http://www.thezimbabwean.co/business/business-analysis/61916/social-responsibility-lacking.html> (accessed 17 February 2015).

¹⁹⁶ Machadu C 'Social Responsibility Lacking' *The Zimbabwean* 31 October 2012 available at <http://www.thezimbabwean.co/business/business-analysis/61916/social-responsibility-lacking.html> accessed 17 February 2015.

¹⁹⁷ McGinley T & Nakata K 'Companies & Communities: Two Birds One Tweet' (2012) available at http://www.academia.edu/4039080/Companies_and_communities_two_birds_one_tweet (accessed 20 February 2015).

profitability. There is also a big link between enterprising, profit making and social development. Econet and other companies involved in CSR can bear testimony to this fact.¹⁹⁸

One of the problems in Zimbabwe is that many companies use their marketing programmes and activities as CSR programmes. In contrast with the guidance provided by ISO on how businesses and organisations can operate in a corporate socially responsible way.¹⁹⁹ Partial regulation will help clarify what social responsibility is and help companies translate principles into effective actions and shares best practices relating to social responsibility.²⁰⁰ Another reason to partially regulate CSR is that business has an important role to play in the rebuilding process of the Zimbabwean economy, in creating wealth, providing employment and providing revenue for reconstructing the state.²⁰¹

Companies can fulfil their CSR activities by adopting health institutions or educational facilities to improve the ailing state of such facilities or contribute to infrastructure development instead of transmitting funds to the national treasury. The following section will focus on India which has regulated CSR and incorporated DGs into the CSR Act. The study is crucial in that it will assist in the extraction of some crucial lessons that Zimbabwe could make use of in regulating CSR and therefore advancing the achievement of DGs.

2.6: Corporate Social Responsibility in India

2.6.1: India and Corporate Social Responsibility

India is a developing country that has regulated CSR and as such it will provide a more practical perspective on what may be reasonably attainable in a country with a similar background with Zimbabwe. The Indian government formally introduced CSR into the Companies Act of 2013 (hereinafter referred to as the 'Act') to embrace corporate responsibilities in an effort of achieving development within the communities.²⁰² The practice

¹⁹⁸ Chimanya T 'Promoting Corporate Social Responsibility' *The Herald Zimbabwe* 15 May 2012 available at <http://www.allafrica.com/stories/201205150995.html> (accessed 17 February 2015).

¹⁹⁹ Levitt T 'A Socially Responsible Standard' *The Guardian* 11 January 2011 available at <http://www.guardianpublic.co.uk/internationally-agreed-standard-for-social-responsibility> (accessed 17 February 2015).

²⁰⁰ MHCi Monthly feature 'CSR and Legislation' (2010) available at <http://mhcinternational.com/monthly-features/articles/113-csr-and-legislation> (accessed 18 February 2015).

²⁰¹ Besada H *Zimbabwe: Picking Up The Pieces* 6 ed (2011) 213.

²⁰² Global Reporting Initiative 'Mumbai Declaration on Sustainability Reporting for Sustainable Development' (2014) <https://www.globalreporting.org/SiteCollectionDocuments/Mumbai-declaration-on-sustainability-reporting-for-sustainable-development.pdf> (accessed 14 February 2015).

of CSR is not new to companies in India; before the Act CSR was regulated through the National Guidelines for CSR of 2009 and through the Mining and Minerals Development and Regulation Act of 1957.²⁰³ The 2013 Act brings all companies under one umbrella to partake in CSR activities which are likely to increase CSR spends in India.²⁰⁴

The mentor and chairman of Fortis Healthcare Limited stated that, 'the inclusion of the CSR mandate under the Companies Act, 2013 is an attempt to supplement the efforts of governments of equitably delivering the benefits of growth and to engage the corporate world with the country's development agenda'.²⁰⁵ Thus, the Act aims to achieve a significant impact at the grassroots level by addressing persisting social issues such as hunger, poverty, education, water and sanitation amongst others.²⁰⁶ According to the Indian Institute of Corporate Affairs many companies will be engaging in CSR activities for the first time.²⁰⁷ This is one of the advantages of mandatory CSR in that it pushes all the companies to engage in CSR.

In India CSR has traditionally been seen as a philanthropic act or an act of charity and was an activity that was performed but not deliberated.²⁰⁸ Contrary to the World Business Council for Sustainable Development (WBCSD) definition of CSR that stipulated that CSR is the continuing commitment by a business to contribute to the development of the community.²⁰⁹ Sharma and Gupta state that most businesses in India engaged in philanthropic acts where their business interests laid.²¹⁰ They show that such companies did not have the community interests at heart but only bottom line interests. CSR in India tends to focus on what is done with profits after they are made.

There are some businesses such as the Tata and Birla group companies that have integrated CSR into their internal strategies. The companies have been contributing to social progress.²¹¹

²⁰³ Maziwisa MR A Case for the establishment of a Legal Framework within the Zimbabwean Mining Sector to effectively regulate the Corporate and Social Responsibilities of Multinational Corporations (unpublished LLM thesis, University of Cape Town, 2011) 31.

²⁰⁴ PWC 'Handbook on Corporate Social Responsibility in India' 2013 *Confederation of Indian Industry* 2.

²⁰⁵ PWC (2013) 3.

²⁰⁶ Cone CL 'India's Mandatory CSR Law Inspires Innovation' *Triple Pundit* 08 October 2014 available at <http://www.triplepundit.com/2014/10/indias-mandatory-csr-law-inspires-innovative-communication/> (accessed 07 May 2015).

²⁰⁷ PWC (2013) 5.

²⁰⁸ PWC (2013) 7.

²⁰⁹ World Business Council for Sustainable Development *Corporate Social Responsibility: Meeting Changing Expectations* (1999) 3.

²¹⁰ Gupta A & Sharma N 'CSR: A Business Opportunity' (2009) 44 *Indian Journal of Industrial Relations* 397.

²¹¹ Singla PSA 'Trust and Corporate Social Responsibility; Lessons from India' (2004) 8 *Journal of*

In 2014 Tata Group spent more than two percent of its profit on corporate social responsibility with that money being used for skills development, health and education.²¹² Canon India supports eye care, education and environment as part of its CSR initiatives. The company has adopted a village to develop and strengthen eye care facilities in the Ferozpur Namapak village.²¹³ These companies are an illustration that development goals (DGs) can be achieved if such goals are incorporated into the companies' CSR initiatives.

The move towards legislation came after the realisation that the success of the business is inseparably tied to the welfare and stability of the society. Involvement by all companies will bring a positive impact on the society. Gupta and Sharma state that the Indian companies have made a significant move towards CS which will bring a positive impact on the communities.²¹⁴

2.6.2: The Companies (Corporate Social Responsibility Policy) Rules, 2014

In 2014 the government of India implemented new CSR guidelines requiring companies to spend two percent of their net profit on social development.²¹⁵ The Companies Rules came into force on 1 April 2014. These rules clarify the CSR requirements of section 135 of India's Companies Act of 2013.²¹⁶ According to section 135,

'every company having a net worth of rupees five hundred crore or more, or a turnover of rupees one thousand crore or more or a net profit of rupees five crore or more, during any financial year, shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility policy'.²¹⁷

Communication Management 284.

²¹² Zachariah R & Singh N 'Tatas spent Rs 1K cr on Corporate Social Responsibility activities in FY14' *The Times of India* 16 July 2014 available at <http://timesofindia.indiatimes.com/business/india-business/Tatas-spent-Rs-1k-cr-on-corporate-social-responsibility-activities-in-FY14/articleshow/38444133.cms> (accessed 07 May 2015).

²¹³ Canon India 'Corporate Social Responsibility' available at <http://www.canon.co.in/personal/web/company/about/csr> (accessed 07 May 2015).

²¹⁴ Gupta A & Sharma N (2009) 398.

²¹⁵ PWC (2013) 12.

²¹⁶ Bryant D 'India releases CSR policy rules for Companies Act' (2013) FaskenMartineuDuMoulin available at <http://www.lexology.com/library/detail.aspx?g=c8fed18d-68e8-49ba-b3ee-acd1775a10d4> (accessed 14 February 2015).

²¹⁷ s 135 (1) of India's Companies' Act of 2013.

The Act encourages companies to spend at least two percent of their average net profit in the previous three years on CSR activities. Any surplus arising out of CSR activities would not form part of the company's profits but will be directed towards improving the welfare of the communities.²¹⁸ The section brings under its scope certain companies incorporated in India to partake in CSR activities. The Rules have expanded the definition of the term company to include a foreign company having a branch in India. Holdings or subsidiaries and foreign companies which have a place of business in India and conduct any business in India are also required to contribute two per cent net profit towards CSR activities.²¹⁹

It is of significance to note that the Rules allow companies to choose their preferred CSR engagements that are in conformity with the CSR policy.²²⁰ Schedule VII of the Act²²¹ lists CSR activities that companies can engage in; these include promotion of education, eradication of extreme hunger and poverty, gender equity and women empowerment, reducing child mortality and improving maternal health, environmental sustainability and so on.²²² The Act excludes activities that are meant for employees and their families; such activities do not count as CSR initiatives.²²³ The Act does not consider any amount directly or indirectly contributed towards any political activities as CSR spending.²²⁴ One can note that the Rules preserve the voluntary nature of CSR to a certain extent. A company may choose to implement its CSR programs directly on its own, through trusts, or non-profit organisations operating in India, provided that these entities have been carrying out related activities for at least three years.²²⁵ This has led to an increased number of NGOs working with companies to implement CSR activities. Companies may collaborate or pool resources with other companies to undertake their CSR activities provided the companies report separately on the activities.²²⁶ The government regulations allow SMEs to pool their CSR

²¹⁸ Hewlett-Packard India 'Corporate Social Responsibility' (2014) *Final Draft- CSR Policy* 7.

²¹⁹ KPMG in India 'Corporate Social Responsibility in India' (2014) *KPMG Report* 1.

²²⁰ Rishi R, Srivastava A & Antani M 'New Rules for Corporate Social Responsibility Announced' (2014) Nishith Desai Associates available at http://www.nishithdesai.com/information/research-and-articles/nda-hotline/nda-hotline-single-view/article/new-rules-for-corporate-social-responsibility-in-india-its-effectiveness-and-legality.html?no_cache=1&cHash=c3c9597008f8602ff6430feed1b03360 (accessed 14 February 2015).

²²¹ Schedule VII of India's Companies Act of 2013.

²²² PWC (2013) 12.

²²³ PWC (2013) 12.

²²⁴ s 182 of India's Companies Act of 2013.

²²⁵ PWC (2013) 12.

²²⁶ Rishi R, Srivastava A & Antani M 'New Rules for Corporate Social Responsibility Announced' (2014) Nishith Desai Associates available at http://www.nishithdesai.com/information/research-and-articles/nda-hotline/nda-hotline-single-view/article/new-rules-for-corporate-social-responsibility-in-india-its-effectiveness-and-legality.html?no_cache=1&cHash=c3c9597008f8602ff6430feed1b03360 (accessed 14 February 2015).

funds with other companies to achieve scale and share a collective implementation process.²²⁷ However, the SMEs might find it difficult to plan and monitor the spends without a specialist team assigned for such an activity.²²⁸

The Rules require companies to set up a CSR committee including board members and at least one being an independent director. The inclusion of an independent director by the Rules promotes transparent activities within the CSR committee. The role of the committee is to formulate CSR strategy and to monitor CSR policy and activities.²²⁹ In the event where the company fails to meet its CSR obligation the Act imposes a duty on the Board to specify the reasons for non-compliance on its report. Failure to report on CSR obligation may have legal consequences for the company up to a maximum of INR 2.5 million.²³⁰ The Board must also display the company's CSR policy on its website, if such a website exists. This on its own contributes to disclosure and transparency within the company and avoids bad corporate governance through reporting. The Rules also provide for situations in which the composition of a company's CSR committee may differ from that stated in section 135. For a private company that has only two directors on its Board, the CSR committee will therefore be composed of those two directors.²³¹ The Rules further clarify that those companies which fail to meet the contribution threshold for three consecutive years will not be required to have a CSR Committee or to comply with the other requirements under section 135 until they meet the threshold again.²³²

2.6.3: Evaluation of Corporate Social Responsibility Regulation in India

India co-regulated CSR activities in a move to tackle social persisting issues and improving the lives of its citizens. This is seen by the fact that companies are mandated to spend on CSR activities but how they spend it and what activities they spend it on is entirely in the hands of the company. In 2011 a study conducted by the Oxford Poverty and Human Development

[effectiveness-and-legality.html?no_cache=1&cHash=c3c9597008f8602ff6430feed1b03360](http://www.theguardian.com/sustainable-business/india-csr-law-debate-business-ngo) (accessed 14 February 2015).

²²⁷ Prasad A 'India's new CSR law sparks debate among NGOs and businesses' *The Guardian* 11 August 2014 available at <http://www.theguardian.com/sustainable-business/india-csr-law-debate-business-ngo> (accessed 8 February 2015).

²²⁸ PWC (2013) 24.

²²⁹ Hewlett-Packard India (2014) 6.

²³⁰ KPMG in India (2014) 1.

²³¹ Prasad A 'India's New CSR Law Sparks Debate Among NGOs and Businesses' *The Guardian* 11 August 2014 available at <http://www.theguardian.com/sustainable-business/india-csr-law-debate-business-ngo> (accessed 8 February 2015).

²³² s 135 of India's Companies Act of 2013.

Initiative showed that approximately 650 million people, of India's population, live in poverty.²³³ Therefore it was vital for the Indian government to mandate CSR in order to get assistance in addressing critical social issues such as poverty. This move bears some lessons that Zimbabwe could make use of in regulating its CSR.

There are various opinions surrounding the mandatory regulation of CSR in India, some opinions are for and others against the CSR legislation. The CSR clause is argued to be an onerous requirement on businesses that is an unnecessary cost of doing business in India. However, one may see as the clause an opportunity for businesses to make a positive impact on the communities they operate in.²³⁴ The clause is not onerous in that it requires businesses to comply or explain. This means that companies in practice can choose to spend nothing as long as they explain in their annual reports the reasons why they failed to spend the required profits.²³⁵ One can note that the CSR clause accommodates situations where companies are facing an economic crisis, facing deficits, downsizing as a result of the expenditure becoming more than the profits of the company.²³⁶ The clause also accommodates SMEs with a small quantum of revenue compared to big companies to explain in their reports the reasons for their failure to spend towards CSR activities.²³⁷

Since the Act requires companies to contribute two per cent of their profits towards CSR activities, one can say that there is a duty that arises on companies to perform proper due diligence on entities that receive CSR funds to ensure that a positive impact is being effected and to ensure that funds are not being used illegally or for corrupt practices.²³⁸ The Act has led to more companies realising their role in the society and thus engaging in social and environmental activities. Khandelwal and Bakshi state that companies are discovering that integrating CSR strategies into their company strategies will make their operation more profitable and sustainable.²³⁹ There have been arguments that the Act should not specify the amount to be spent on CSR and that the decision should be left to the board of directors.²⁴⁰ The disadvantage is that there would not be uniformity (fairness) amongst companies

²³³ Oxford Poverty and Human Development Initiative 'Country Briefing: India' 2011 *University of Oxford* 1.

²³⁴ Kordant Philanthropy Advisors 'The 2% CSR Clause: New Requirements for Corporations for Companies in India' 2013 *Kordant Report Series* 2.

²³⁵ Kordant Philanthropy Advisors (2013) 3.

²³⁶ Kordant Philanthropy Advisors (2013) 3.

²³⁷ PWC (2013) 24.

²³⁸ Kordant Philanthropy Advisors (2013) 3.

²³⁹ Khandelwal R & Bakshi S (2014) 66.

²⁴⁰ Van Zile C 'India's Mandatory Corporate Social Responsibility Proposal: Creative Capitalism Meets Creative Regulation in the Global Market' (2012) 13 *Asian-Pacific Law and Policy Journal* 295.

pertaining to the amounts they will spend towards CSR activities. Some companies will end up spending insignificant amounts compared to their net profits, for example a company that makes one billion dollars net profit spending ten thousand dollars towards CSR for the sake that the Act mandates it to contribute towards the society. Van Zile argues that mandating CSR will put India at a competitive disadvantage in the global market and might slow down the country's economic growth.²⁴¹

There are some crucial lessons that Zimbabwe can learn from India's mandatory CSR. Zimbabwean companies are lagging behind when it comes to CSR activities. A few companies from different sectors partake in alleviating the impoverished communities. As discussed above Zimbabwe needs to co-regulate CSR like India has done to get every company in all sectors involved in addressing persisting social causes.²⁴² The Zimbabwean CSR Act would have to integrate DGs into the Act as CSR activities in order to advance the achievement of DGs as India has done. This would also permit companies to self-regulate their own CSR activities that is choose the type of activities that they would engage in. The Zimbabwe CSR would also allow companies to pool their funds with other companies or NGOs to carry out these activities.²⁴³ This will pave way for NGOs and social organisations to form partnerships with the corporate sector in overcoming societal challenges.²⁴⁴

Zimbabwe's CSR Act may require companies to spend reasonable amounts towards addressing societal issues. However, for effective implementation of that a consensus needs to be reached by the government and the companies. This has been a major challenge in implementing the CSOS as companies argue that they did not agree to pay the stipulated amounts.²⁴⁵ There is a need for a dialogue between the government and the companies to reach a consensus on the amount. The Act may require companies to set up CSR committees that will be responsible for decisions on CSR expenditure and activities to be taken. An independent director will have to be incorporated into the committee to promote transparency.²⁴⁶ A disclosure requirement may be incorporated into the Act to require the committee to report the CSR activities they have engaged in the company's annual report and publish the details in company's website so that the public can have access to it. If the

²⁴¹Van Zile C (2012) 298.

²⁴² Cross reference

²⁴³ Khandelwal R &Baskhi S (2014)66.

²⁴⁴ Khandelwal R &Bakshi S (2014) 66.

²⁴⁵ See section 2.4.2.1 of Chapter 2.

²⁴⁶ Khandelwal R &Bakshi S (2014) 66.

company fails to spend the prescribed amount, the board in its report is required to specify the reasons for the failure.²⁴⁷ This will accommodate companies that are failing to engage in CSR not because the companies do not want to but because the economy has crippled the companies' abilities to perform. The Act will require companies to comply or explain and will broaden the scope to include foreign companies operating within Zimbabwe.

2.7: Conclusion

The concept of CSR has turned out to be an important tool in addressing social ills. Companies have the financial capacity to supplement government efforts in improving the lives of the community and advancing the achievement of DGs. Companies get to reap the benefits that flow from CSR activities as well such as goodwill, brand enhancement and gain competitive advantage. CSR in Zimbabwe is an essential element towards the achievement of DGs in an environment where government efforts have failed. To effectively bring a positive change in the lives of the communities it is necessary that most companies with a certain net worth engage in CSR. Co-regulation of CSR will enable companies to self-regulate their CSR activities according to the company's strategies whilst having a legislation monitoring the compliance of companies. The introduction of legislation will push most companies to partake in CSR activities that advance DGs. The next chapter will investigate whether Zimbabwe has been able to achieve the Millennium Development Goals looking at the fact that the deadline of those goals is around the corner. Further research will be conducted to explore the efforts put up by the government to achieve its own national development goals and outline the reasons for the failure to achieve those goals. Chapter three will propose ways that the government can adopt to achieve the goals and how CSR can be used as a tool to accelerate the achievement of such goals.

²⁴⁷ Prasad A 'India's new CSR law sparks debate among NGOs and businesses' *The Guardian* 11 August 2014 available at <http://www.theguardian.com/sustainable-business/india-csr-law-debate-business-ngo> (accessed 8 February 2015).

CHAPTER 3

DEVELOPMENT GOALS IN ZIMBABWE; THEIR SUCCESSES, FAILURES AND HOW THESE GOALS CAN BE ACHIEVED.

3.1: Introduction

Development goals (DGs) are clearly defined goals that have to be achieved within a specific time frame for the empowerment or betterment of the society at large. Development ‘consists of the expansion of the capabilities of persons to lead the kind of lives they value.’²⁴⁸ Sumner and Tiwari state that policy-makers link the word development to millennium development goals (MDGs).²⁴⁹ In ailing economies governments need assistance from the private sector to fully achieve these goals. Although these DGs, such as the MDGs and national development goals (NDGs) have deadlines, that does not mean that governments should stop working towards achieving these goals, as these are on-going goals and failure to achieve them will affect the present and other generations to come. As discussed in the previous chapter, CSR is an important element that has the potential of advancing the achievement of DGs. CSR seeks to achieve the same objectives as DGs, which is improving the lives of the people. Therefore it creates a platform for corporations to supplement government efforts that have failed in achieving some of the DGs. The private sector has the potential to provide incomes for rural and urban populations, thus reducing the rate of unemployment and at the same time achieving other DGs such as reduction of poverty.²⁵⁰

According to Simelane & Chiroro MDGs are long-term objectives built into the world’s development agenda with the aim of achieving a number of national development plans and poverty reduction strategies.²⁵¹ These are time-bound quantitative goals to reduce selected aspects of human poverty by 2015.²⁵² This chapter will discuss the development goals in Zimbabwe, unpack the successes and failures of MDGs and consider how the sustainable development goals (SDGs) can be achieved through corporate social responsibility. An investigation will be conducted of MDG 1 and 5 in Zimbabwe and how these goals can be

²⁴⁸ Sen A *Development as Freedom* (1999) 18.

²⁴⁹ Sumner A & Tiwari M *After 2015: International Development Policy at Crossroads* (2009) 43.

²⁵⁰ Food, Agriculture and National Resources Policy Analysis Network ‘Achieving the Millennium Development Goals in Africa: Recommendations of the MDG Africa Steering Group’ 2008 available at <http://www.fanrpan.org/documents/d00580/> (accessed 10 April 2015).

²⁵¹ Simelane T & Chiroro B (2013) 1.

²⁵² Jahan S (2009) 51.

achieved within and beyond 2015. A case study of the current national development plan in Zimbabwe will also be conducted.

3.2: Background

At the United Nations Millennium Summit in 2000, eight specific and time-bound development goals were agreed to; these are known as MDGs which are to be achieved by 2015.²⁵³ MDGs are a set of development targets which focus on reducing poverty and improving the welfare of the world's poorest by 2015.²⁵⁴ According to Nwonwu, 'MDGs serve as the blueprint and framework for measuring progress in development among countries of the world.'²⁵⁵ MDG 1 takes into recognition the importance of hunger and poverty and their overall contribution to the human productivity. The goal bears three targets that entail halving the proportion of people whose income is less than a \$1.25 a day; achieving full productive employment and decent work for all and halving the proportion of people who suffer from hunger.²⁵⁶ A few months remain to the target date for the MDGs and still a billion people continue being victims of poverty and continue living on less than \$2 a day.²⁵⁷

The second goal aims to achieve universal primary education; the target is to ensure that by 2015 children around the world are able to complete a full course of primary schooling. Education is a human right that strengthens people's self-help capacity that is the ability to find skilled work and earning an income.²⁵⁸ Education is a significant goal that has the potential to help in achieving other MDGs. Education enables people to deal with poverty and hunger; health-related issues and a greater understanding of the environmental protection.²⁵⁹ However there have been challenges in achieving this goal which will be discussed in the next section.

²⁵³ The IMF and the Millennium Development Goals Factsheet (2014) available at <https://www.imf.org/external/np/facts/mdg.htm> (accessed 5 April 2015).

²⁵⁴ Moses JW *International Migration: Globalization's Last Frontier* (2006) 23.

²⁵⁵ Nwonwu F *MDGs: Achievements and Prospects of Meeting the Targets in Africa* (2008) 1.

²⁵⁶ BMZ Division for the Millennium Development Goals *The Millennium Development Goals: Background-Progress-Activities* (2010) 1.

²⁵⁷ Campaign for People's Goals for Sustainable Development 'Poverty and Inequality' 2013 available at <http://www.peoplesgoals.org/inequality/> (accessed 10 April 2015).

²⁵⁸ BMZ Division for the Millennium Development Goals *The Millennium Development Goals: Background-Progress-Activities* (2010) 2.

²⁵⁹ Millennium Project *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (2005) 84.

MDG 3 aims to promote gender equality and empower women. The objective is to eliminate gender disparity in all levels of education.²⁶⁰ Gender equality is a human right that is still being violated in different ways. There has been global progress on eliminating gender disparity both in primary and secondary education and in achieving universal primary education.²⁶¹ However, achieving women's empowerment varies from country to country, South Africa is amongst the countries that have managed to increase the seats of women in parliament to thirty three per cent, whereas in Mauritania the proportion of seats held by women in parliament is less than twenty per cent.²⁶²

The fourth goal seeks to reduce child mortality by two thirds between 1990 and 2015. The goal aims to reduce the deaths of children below the age of five years.²⁶³ The causes of death of children under five can be attributed to preventable diseases or at least easily treated diseases. Factors such as malnutrition, poor healthcare systems and income poverty have contributed to the death of children under the age of five.²⁶⁴ The aim of MDG 5 is to improve maternal health. The goal sets two targets that are reducing the maternal mortality ratio by three quarters and achieving universal access to reproductive health. Almost half a million of women in developing countries die due to complications during pregnancy or during child birth. Other causes that lead to maternal mortality are heavy bleeding, infections, incorrectly performed abortions and protracted delivery.²⁶⁵

The objective of MDG 6 is to combat HIV/AIDs, malaria and other diseases. The targets include reversing the spread of HIV/AIDs; achieving universal access to treatment for HIV/AIDs for all those who need it and reverse the incidence of malaria and other major diseases.²⁶⁶ The seventh goal (MDG 7) seeks to ensure environmental stability, it will be impossible to achieve other development goals if the earth is not protected. MDG 7 bears four targets which are: integrating the principles of sustainable development into country policies

²⁶⁰ BMZ Division for the Millennium Development Goals (2010) 2.

²⁶¹ Ngobo MN 'Is Gender Equity on Track in Sub-Saharan Africa' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 95.

²⁶² Ngobo MN 'Is Gender Equity on Track in Sub-Saharan Africa' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 95.

²⁶³ BMZ Division for the Millennium Development Goals (2010) 1.

²⁶⁴ Goga AE 'Reduction of Child Mortality: An evaluation of the Performance of African Countries' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 125.

²⁶⁵ Goga AE 'Reduction of Child Mortality: An evaluation of the Performance of African Countries' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 125.

²⁶⁶ Gow J 'Combating HIV/AIDS, TB and Malaria' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 169.

and programmes and reverse the loss of environmental resources; reduce biodiversity loss, achieving by 2010, a significant reduction in the rate of loss; halve by 2015 the portion of the population without sustainable access to safe drinking water and basic sanitation; and by 2020 to have achieved a significant improvement in the lives of at least hundred million slum dwellers. However, millions of people still do not have access to safe water and it is impossible to live a healthy life without safe drinking water.²⁶⁷ In developing countries natural resources are over used as the economies of such countries depend on the resources. The last goal aims at developing a global partnership for development. The goal seeks to develop an open, rule-based, predictable, non-discriminatory trading and financial system; address the special needs for least developed countries; address the special needs of landlocked developing countries and small island developing states.²⁶⁸ It further seeks to deal comprehensively with the debt problems of developing countries; in cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries and in cooperation with the private sector, make available benefits of new technologies, especially information and communication.²⁶⁹

Some authors have argued that the MDGs constitute an ambitious agenda to significantly improve the human condition.²⁷⁰ Koffi Annan agreed that the goals were ambitious but argued that they could be achieved.²⁷¹ Achievement of the MDGs has been uneven in different continents and countries as shall be shown in the following section. However, as the deadline approaches the world is shifting focus to a new set of development goals known as the sustainable development goals (SDGs).

The Rio+20 Conference produced an agreement by the United Nations member states to launch a process to develop a set of SDGs, which will build upon the MDGs and converge with the post-2015 development agenda.²⁷² The SDGs are to be based on Agenda 21 and the Johannesburg Plan of Implementation.²⁷³ The goals are to focus on priority areas for the

²⁶⁷ Mabugu REM 'Environmental Sustainability in African Countries' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 211.

²⁶⁸ Tsephe J 'Progress by African Regional Economic Communities' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 231.

²⁶⁹ Tsephe J 'Progress by African Regional Economic Communities' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 231.

²⁷⁰ Rhazaoui A, Gregoire LJ & Mellali S *Africa and the Millennium Development Goals* (2005) 1.

²⁷¹ BMZ Division for the Millennium Development Goals (2010) 1.

²⁷² United Nations 'Sustainable Development Goals' available at <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals> (accessed 04 March 2015).

²⁷³ United Nations 'Sustainable Development Goals' available at <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals> (accessed 04 March 2015).

achievement of sustainable development and not divert focus or effort from the achievement of the MDGs and include active involvement of all relevant stakeholders, as appropriate, in the process.²⁷⁴ With the 2015 deadline approaching, a number of cross-cutting issues, such as climate change, sustainable development, eradication of poverty, maintenance of environmental sustainability and managing equitable distribution of natural resources, have become topical.²⁷⁵

3.3: General Overview of the Successes of Millennium Development Goals

As the deadline for MDGs is approaching and the world is preparing for SDGs, there is a need to reflect on what has been achieved during the MDG era. The United Nations state that the MDGs are the most successful global anti-poverty push in history. Governments, international organizations, and civil society groups around the world have helped to cut in half the world's extreme poverty rate.²⁷⁶ More girls are in school and fewer children are dying. A few months remain to accelerate action on issues such as hunger, access to education, improved sanitation, maternal health and gender equality.²⁷⁷ Progress has been reported in most areas, despite the impact of the global economic and financial crisis.²⁷⁸ According to the Global Monitoring Group (GMR) report, the poverty reduction target was met five years ahead of schedule. In developing regions, the proportion of people living on less than \$1.25 a day fell from 47 per cent in 1990 to 22 per cent in 2010.²⁷⁹

There is no uniformity in the achievement of MDGs amongst countries. There are different levels on which countries have managed to achieve the MDGs.²⁸⁰ Extreme poverty rates have fallen in every developing region; India is amongst the countries that have managed to reduce poverty. Despite this achievement at the global level, 1.2 billion people are still living in extreme poverty. Poverty remains a challenge in sub-Saharan Africa and Southern Asia.²⁸¹ In sub-Saharan Africa, almost half the population lives on less than \$1.25 a day. One in eight

²⁷⁴ United Nations 'Sustainable Development Goals' available at <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals> (accessed 04 March 2015).

²⁷⁵ Beyond 2015 'Sustainable Development Goals and the Relationship to a Post-2015 Global Development Framework: A Beyond 2015 Policy Paper' 2012CAFOD Position Paper 1.

²⁷⁶ MDG Momentum available at <http://www.un.org/millenniumgoals/mdgmomentum.shtml> (accessed 16 March 2015).

²⁷⁷ MDG Momentum available at <http://www.un.org/millenniumgoals/mdgmomentum.shtml> (accessed 16 March 2015).

²⁷⁸ United Nations *The Millennium Development Goals Report*(2013) 4.

²⁷⁹ The World Bank *Global Monitoring Report 2013- Rural-Urban Dynamics and the Millennium Development Goals* (2013) ix.

²⁸⁰ Simelane T & Chiroro B(2013) 1.

²⁸¹ United Nations(2013) 7.

people still go to bed hungry, despite major progress. Globally, nearly one in six children under age five is underweight; one in four is stunted. An estimated 7 per cent of children under age five worldwide are overweight, another aspect of malnutrition; one quarter of these children live in sub-Saharan Africa.²⁸² Moreover, the 2013 GMR shows that there is a great difference between rural-urban developments and, as such rural areas are underdeveloped and the majority of people living there continue succumbing to poverty.²⁸³

More than 2.1 billion people gained access to improved drinking water sources. The proportion of the global population using such sources reached 89 per cent in 2010, up from 76 per cent in 1990.²⁸⁴ This means that the MDG drinking water target was met five years ahead of the target date, despite significant population growth.²⁸⁵ Between 2000 and 2010, mortality rates from malaria fell by more than 25 per cent globally. An estimated 1.1 million deaths from malaria were averted over this period. Death rates from tuberculosis at the global level and in several regions are likely to be halved by 2015.²⁸⁶ Between 2000 and 2010, over 200 million slum dwellers benefitted from improved water sources, sanitation facilities, durable housing or sufficient living space, thereby exceeding the 100 million MDG target. The report shows that countries across all continents have shown remarkable progress in reducing the proportion of urban slum dwellers.²⁸⁷

Children from poor and rural households are much more likely to be out of school than their rich and urban counterparts; this is also a result of inequalities within countries.²⁸⁸ Most maternal deaths are preventable, but countries are failing to achieve this goal; however, this goal requires accelerated interventions and stronger political backing for women and children.

Due to the economic and financial crisis unemployment has become another challenge facing countries.²⁸⁹ However, some progress has been seen, the average incomes of most countries went up by 21 per cent; the number of people living in extreme poverty declined; life expectancy rose from 63 years to 65 years; and primary school enrolments and access to safe drinking water and sanitation increased significantly.²⁹⁰

²⁸² United Nations (2013) 6.

²⁸³ The World Bank (2013) 8.

²⁸⁴ United Nations (2013) 4.

²⁸⁵ United Nations (2013) 4.

²⁸⁶ United Nations (2013) 4.

²⁸⁷ United Nations (2013) 4.

²⁸⁸ United Nations (2013) 3.

²⁸⁹ United Nations (2013) 6.

²⁹⁰ Simelane T & Chiroro B (2013) 2.

The economic crisis and environmental disasters, shrinkage of resource flows from the developed to the developing countries have been some of the reasons why achievement of MDGs has not been uniform.²⁹¹ According to Simelane and Chiroro, ‘this will make it difficult for those countries that are lagging behind in obtaining resources to achieve some of the MDGs. There is a high likelihood that these will be among the developing countries, including Africa,’²⁹² which then brings a need for the corporate sector to come to the rescue in the fulfilment of these development goals by financing these goals.

3.3.1: India and the MDGs

In India, predictions indicate that the number of poor people will drop to nine hundred million by 2015.²⁹³ India’s MDG Report states that, ‘millions of people’s lives have been improved due to India’s concerted global, regional, national and local efforts to achieve the MDGs.’²⁹⁴ India is on track in achieving some of the goals and for the other goals more effort is needed to achieve those goals. Halving the proportion of people whose income is less than one dollar a day India is on track, however the country is failing to halve the proportion of people who suffer from hunger. Though the country is on track in achieving gender equality and empowering women the government is failing to improve maternal health.²⁹⁵

The success in India in achieving some of the goals cannot be attributed to the government only but to businesses as well. The enactment of the CSR Act was an effort made by the legislature to attain companies’ assistance in achieving MDGs.²⁹⁶ India is an example of the inability of a government healthcare system to penetrate rural areas, access to appropriate medicines is very limited and the public lacks basic knowledge about health.²⁹⁷ Norvatis created access to medicines in rural India through the Arogya Parivar Initiative. The company

²⁹¹ Jahan S (2009) 52.

²⁹² Simelane T & Chiroro B (2013) 2.

²⁹³ Bandara A ‘Post-2015 Global Development Agenda: A Critical Assessment of Future Options’ 2012 *UN Tanzania Country Management Retreat* 6.

²⁹⁴ United Nations in India ‘More Targets Within Reach: MDGs Report 2014’ available at <http://in.one.un.org/page/latest-reports> (accessed 11 April 2015).

²⁹⁵ Ministry of Statistics and Programme Implementation *Millennium Development Goals India Country Report 2015* (2015) 22.

²⁹⁶ See section 2.6.2 of mini thesis.

²⁹⁷ Business Leaders Initiative for Human Rights ‘The Millennium Development Goals and Human Rights: Companies Taking a Rights-Aware Approach to Development’ 2010 *The Institute for Human Rights and Business* 35.

took the initiative of making villagers aware of prevalent diseases and encourage them to seek treatment.²⁹⁸

One of the hindrances of achieving the health related MDGs is that many people in the rural part of India are unaware of the symptoms of specific diseases; they prefer to delay a visit to the doctor and remain undiagnosed unless their disease becomes critical.²⁹⁹ General Electric is also among the companies supplementing government efforts in India to achieve MDGs. In implementing its CSR initiative the company began poster campaigns to promote rights of the girl child and began funding educational programs for girls.³⁰⁰ Royal Bank of Scotland Group (RBS) took the initiative to combat poverty in India through microfinance. The company works with some of the most vulnerable communities in India to promote microenterprise and to provide social support to encourage better incomes, education and health care. These are communities that are too poor, remote or fractured to even be eligible for microfinance loans. For each project RBS works with an expert NGO to ensure the specific needs of the community are addressed.³⁰¹

Marshalls is also another company actively working in India to provide children of migrant quarry workers with the opportunity to get an education. The company provides practical assistance in the form of free schools for children who have no opportunity to get even a basic education.³⁰² All the examples given show how companies have put some effort to assist the government in reaching MDGs.

3.3.2: Africa and the Millennium Development Goals

Africa has managed to achieve some of the MDGs as a result improving the lives of people in Africa. In spite of the series of food, energy, financial and economic shocks, Africa has made significant progress in achieving the goals.³⁰³ A number of the MDGs have been incorporated into national development plans and strategies of most African countries.³⁰⁴ As a result of this, some of the poorest countries in Africa have made significant achievement in areas such

²⁹⁸Business Leaders Initiative for Human Rights (2010) 35.

²⁹⁹Business Leaders Initiative for Human Rights (2010)35.

³⁰⁰ Business Leaders Initiative for Human Rights (2010) 51.

³⁰¹ Ready A, Kenzie S & Spenley M 'The Impact of UK Companies on the Millennium Development Goals' 2010 *UN Global Compact UK Network* 11.

³⁰² Ready A, Kenzie S & Spenley M (2010) 11.

³⁰³ Simelane T & Chiroro B (2013) 4.

³⁰⁴ Jahan S (2009) 52.

as education and health.³⁰⁵ Ethiopia and Tanzania have managed to double up primary school enrolment rates. One of the biggest changes in Tanzania has been in primary education.³⁰⁶ Tanzania has made the most progress in Africa on primary education over the last ten years. It has doubled net enrolment in primary school from 49 per cent to 96 per cent from 1999 to 2009, and increased the primary completion rate from 55 per cent to 100 per cent.³⁰⁷ Besides Tanzania, other African countries have made progress on primary education. The total net primary school enrolment for Africa rose from 64 per cent in 2000 to 84 per cent in 2009.³⁰⁸ This achievement may help more people, especially women and youth, to prosper from economic opportunities on the continent, although the need to improve the quality of education people receive still exists.³⁰⁹

Rates of HIV infection have been reduced in Sub-Saharan Africa, while reported malaria cases have been halved in countries like Rwanda and Zambia.³¹⁰ Despite the progress made, poverty has remained a major challenge in Africa. In addition to poverty, maternal mortality is a key development challenge. Lee states that the challenges were compounded by the fact that pledges to double aid to Africa by 2010 did not materialise.³¹¹ Key pledges such as the Gleneagles commitments in 2005 to double aid to Africa by 2010 have not been met; as such African countries have struggled to achieve some MDGs because of lack of finance.³¹² The rapid urbanisation is exerting pressure on efforts in improving the lives of slum dwellers. As such, although the share of urban residents living in slums has declined from 46 per cent in 1990 to 33 per cent in 2010, the absolute number of slum dwellers is increasing.³¹³

Progress has been made in achieving the MDGs however such progress varies from country to country.³¹⁴ Most of the African countries are expected to meet four of the eight targets;

³⁰⁵ Bandara A (2012)1.

³⁰⁶ Lee L '21st Century Progress in Africa: Achieving MDG 2 in Tanzania' 2013 available at <http://www.impatientoptimists.org/Posts/2013/10/21st-Century-Progress-in-Africa-Achieving-MDG-2-in-Tanzania>(accessed 06 April 2015).

³⁰⁷ Lee L '21st Century Progress in Africa: Achieving MDG 2 in Tanzania' 04 November 2013 available at <http://www.impatientoptimists.org/Posts/2013/10/21st-Century-Progress-in-Africa-Achieving-MDG-2-in-Tanzania>(accessed 06 April 2015).

³⁰⁸ Lee L '21st Century Progress in Africa: Achieving MDG 2 in Tanzania' 04 November 2013 available at <http://www.impatientoptimists.org/Posts/2013/10/21st-Century-Progress-in-Africa-Achieving-MDG-2-in-Tanzania> (accessed 06 April 2015).

³⁰⁹ Faller F 'Universal Primary Education in Sub-Saharan Africa: Achievable or Impossible Target?' in Nwonwu F *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 44.

³¹⁰ Simelane T &Chiroro B (2013) 4.

³¹¹ Jahan S (2009) 52.

³¹² BandaraA (2012)8.

³¹³ Bandara A (2012)8.

³¹⁴ Bandara A (2012) 8.

these are universal primary education, gender equality and pushed forward in the fight against HIV/AIDS, tuberculosis, malaria and other diseases.³¹⁵ Africa has made significant progress even when it comes to those targets that are likely not going to be met by 2015, like improving maternal mortality rates despite the limited resources that most countries in Africa are facing.³¹⁶

Despite the progress that has been made, Steffen states that Africa as a whole would not succeed in reducing extreme poverty and hunger by half, as millions of people are still living below the extreme poverty line.³¹⁷ In Sub-Saharan Africa the number of people living in extreme poverty arose from 290 million in 1990 to 414 million in 2010, accounting for more than a third of people worldwide who are destitute. The World Bank projected that, by 2015, about 970 million people will still be living on less than \$1.25 a day in countries classified as low or middle-income in 1990.³¹⁸ Looking beyond 2015 there is a need for Africa to continue addressing issues on different forms of inequality: income inequality, gender inequality, inequality between rural and urban centres.³¹⁹ Nwonwu stipulates that one of the reasons leading to Africa's failure to meet the goals is lack of adequate financial assistance. He further states that other developing countries outside Africa receive higher priority ranking in aid and financial assistance than countries in Africa the continent that needs financial assistance the most.³²⁰ Official Development Assistance flows in Africa have been less than expected resulting in paucity of funds to meet MDGs.³²¹ Hence the need for companies to assist governments in achieving MDGs.

3.4: A Case Study of Development Goals in Zimbabwe

The MDGs have been significant in that they have brought out the focus and pressure needed on development issues, which has led governments to incorporate the development issues into national development policies. Zimbabwe placed the long-term national development priorities within the global context of the MDGs through its economic blueprint known as the

³¹⁵ Steffen S 'Africa is on Course for 2015 Development Targets' 2013 available at <http://www.dw.de/africa-is-on-course-for-2015-development-targets/a-16870832> (accessed 06 April 2015).

³¹⁶ Zuma N, Lopes C, Kaberuka D & Clark H 'Assessing Progress in Africa Toward the Millennium Development Goals' 2013 *MDG Report* 4.

³¹⁷ Steffen S 'Africa is on Course for 2015 Development Targets' 2013 available at <http://www.dw.de/africa-is-on-course-for-2015-development-targets/a-16870832> (accessed 06 April 2015).

³¹⁸ United Nations (2013) 7.

³¹⁹ Steffen S 'Africa is on Course for 2015 Development Targets' 2013 available at <http://www.dw.de/africa-is-on-course-for-2015-development-targets/a-16870832> (accessed 06 April 2015).

³²⁰ Nwonwu F (2008) 3.

³²¹ Nwonwu F (2008) 16.

Zimbabwe Agenda for Sustainable Socio-economic Transformation (Zim Asset) which will be fully discussed below. The country has managed to achieve some goals; on the other hand the country is off track on other MDG targets, such as the high rate of maternal mortality, eradicating extreme poverty and hunger, creating employment, and ending gender based violence.³²²

3.4.1: Background of Development Goals in Zimbabwe

The country is a developing country that currently funds its budget entirely from taxes because it does not qualify for international credit due to a foreign debt of \$10 billion.³²³ Zimbabwe is unlikely to get credit lines from international financial institutions until it clears both domestic and foreign debts.³²⁴ Money from taxes has been inadequate to cater for recurrent expenditures which means that an insignificant amount has been directed to financing development projects over the past years.³²⁵ It is hard for the government to tax the informal economy due to the fact that informal traders run unregistered businesses. Therefore it is difficult to tax such traders as they would likely shy away from registering for tax purposes and it will be unfair to tax them as they are trying to make ends meet in a deteriorating economy.³²⁶

The lack of funding has incapacitated the government in achieving the MDGs and NDGs. Zimbabwe is failing to generate enough revenue; this has turned the country into a consumptive economy that imports more than it exports providing a market for other continents' good.³²⁷ There is a need for the country to export more in order to create employment so that it can halve the rate of unemployment. The country has struggled in achieving MDG 8. For years Zimbabwe has been relying on donor aid to finance some of its development projects. The sanctions imposed on Zimbabwe due to the land reform issue

³²² United Nations in Zimbabwe Newsletter VI January-April 2013 available at <http://www.zw.one.un.org> (accessed 07 April 2015).

³²³ Nkala S '2015 National Budget Spells Doom for Employment Creation' *NewsDay* 5 December 2014 available at <http://www.newsday.co.zw/2014/12/05/2015-national-budget-spells-doom-for-employment-creation/> (accessed 12 May 2015).

³²⁴ Nkala S '2015 National Budget Spells Doom for Employment Creation' *NewsDay* 5 December 2014 available at <http://www.newsday.co.zw/2014/12/05/2015-national-budget-spells-doom-for-employment-creation/> (accessed 12 May 2015).

³²⁵ Gagare O 'No Joy for Zim as Revenues Shrink' *Zimbabwe Independent* 30 January 2015 available at <http://www.theindependent.co.zw/2015/01/30/joy-zim-revenues-shrink/> (accessed 12 May 2015).

³²⁶ Rudzuna C 'Informal Economy Hard to Tax' *Zimbabwe Independent* 18 July 2014 available at <http://www.theindependent.co.za/2014/07/18/informal-sector-hard-tax/> (accessed 12 May 2015).

³²⁷ Nkala S '2015 National Budget Spells Doom for Employment Creation' *NewsDay* 5 December 2014 available at <http://www.newsday.co.zw/2014/12/05/2015-national-budget-spells-doom-for-employment-creation/> (accessed 12 May 2015).

resulted in donor aid being cut off and also led to the country being isolated from trading in the international arena which had a negative impact on the achievement of MDG 8.³²⁸ Lack of funding led to a halt on the development projects and creating a setback of achieving MDGs and NDGs within the period given. These challenges led to significant skills flight and erosion of private and public financing, thereby negatively affecting quality service delivery and achievement of the MDGs.³²⁹ The political situation has also made it difficult for Zimbabwe to be recognised as a reliable partner that has its people as its primary concern which has a negative effect on trade.

The country identified MDG 1, 3 and 6 as the national priority. However the achievement of these goals has not been uniform. The lack of adequate funding has brought some goals to a halt and others are being partially achieved. The following section will investigate whether Zimbabwe has managed to achieve the MDGs or not in light of the fact that only a few months remain to the deadline.

3.4.2: Achievement of Millennium Development Goals

MDGs over the past years have become the major guiding framework for development the world over.³³⁰ The MDGs promote a solid framework for consensus-building among parliamentarians, government policy-makers, development partners, civil society organizations and the citizenry for social development and mobilisation in the construction of national narratives and regional alliances. The MDG targets provide developmental benchmarks for government policies and possible interventions, in addition to monitoring progress, challenges and supportive commitments.³³¹

Zimbabwe has made some progress in achieving universal primary education (MDG 2) and achieving gender parity in schools (MDG 3).³³² Whilst the nation prides itself with literacy rate of 92%, there is a need to ensure that schools are built and equipped particularly in the new resettlement areas. The education sector still faces a challenge of a curriculum that does

³²⁸ 'Zimbabwe Asks West for Cash' *Business Report* 6 May 2015 available at <http://www.iol.co.za/business/international/zimbabwe-asks-west-for-cash/> (accessed 12 May 2015).

³²⁹ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset 2013 -2018) 2013 *Economic Policy* 18.

³³⁰ UN Zimbabwe *Millennium Development Goals Progress Report* (2012) 8.

³³¹ UN Zimbabwe(2012) 8.

³³² UN Zimbabwe(2012) 10.

not match the developmental needs of the country.³³³ Completion of primary and secondary school is currently hindered by exorbitant exam fees which many students and parents cannot afford. The failure to pay the people in the education sector their salaries and bonuses in time has led to a flight of qualified teachers to other well-paying countries.³³⁴ This has affected the quality of education being received by students in the country. The quality of education has also been affected by low teacher effort which is in response to meagre salaries. Recent debates at the top level of government about whether to freeze bonuses till 2017 might bring a set back to the achieved goal as it might increase the number of teachers flocking out of the country for greener pastures as was the case around 2007 and 2008.³³⁵ To achieve quality education there is a need for companies in different sectors to adopt public schools and provide incentives for teachers instead of only providing funding to students.³³⁶ This move will minimise the migration of teachers, enhance teacher performance and promote the quality of education received by students. Companies in the infrastructure sector can ensure that schools are built and equipped mostly in rural areas and new resettlement areas. By pooling resources in a coordinated and guided effort companies can make far greater impact on the quality of schooling in the country as a whole.³³⁷

Zimbabwe adopted MDG 3 as one of its national priorities and has made progress in achieving the first target, which is promoting gender parity in schools. However, more works needs to be done in empowering women into leadership positions. Although the legislative framework has led to some progress there is still need for positive action to promote gender equality in higher positions. Statistics shows that only twenty one per cent of women in the private sector are managers and only fourteen per cent are members of parliament.³³⁸ The numbers fall way below the set target.

³³³ 'ZimAsset : Economic Situation Analysis' *New Zimbabwe* 05 November 2013 available at <http://www.newzimbabwe.com/news/printVersion.aspx?newsID=12928> (accessed 10 April 2015).

³³⁴ van der Berg S, Taylor S, Gustafsson M et al 'Improving Education Quality in South Africa' (2011) *Department of Economics University of Stellenbosch* 7.

³³⁵ Smith G 'Zimbabwe's economic recovery stutters to a halt in 2015' *Ndoronomics* 1 May 2015 available at http://www.ndoronomics.com/2015/05/erratic-rains-played-havoc-on-2015.html?utm_source=BP_recent (accessed 14 May 2015).

³³⁶ van der Berg S, Taylor S, Gustafsson M et al (2011) 7.

³³⁷ National Business Initiative 'Education Quality Improvement Partnership (EQUIP): Schools, Business and Government Working Together to Improve Quality in Education' (2010) *World Business Council for Sustainable Development Close-Out Report* 30.

³³⁸ United Nations Zimbabwe 'Promote Gender Equality and Empower Women' available at <http://www.zw.one.un.org/togetherwedeliver/millennium-development-goals/3-promote-gender-equality-and-empower-women> (accessed 15 May 2015).

Efforts to reduce under-five and infant mortality rate are improving but slowly. However, such improvement is not enough to meet the MDG 4 goal by the end of 2015. Immunisation coverage has improved; however, the high costs of obtaining treatment and lack of access to safe drinking water and improving sanitation are some of the obstacles in reducing child and infant mortality that the country is facing.³³⁹ Lack of access to basic health services to prevent and treat infectious diseases has hindered the progress of achieving this goal.³⁴⁰ Businesses can contribute to the achievement of MDG 4 by playing a key role in establishing strong health systems and also providing community health workers with essential newborn care facilities that are easily accessible and vaccines that are readily available.³⁴¹

There is an indication of a positive progress on the achievement of MDG 6 on combating HIV and AIDS, malaria and other diseases. Achievement of MDG 6 has seen HIV patients obtain free access to antiretroviral drugs from public hospitals and the spread of AIDS has been stabilised.³⁴² However, the health delivery system is failing to reduce maternal mortality and other outbreaks of epidemics such as typhoid and dysentery due to shortage of funds to secure essential drugs, equipment and to rehabilitate dilapidated infrastructure.³⁴³ The administrative problems such as transport barrier to access health care facilities, lack of personnel and appropriately trained staff have been amongst the challenges in achieving health related MDGs.³⁴⁴

Progress on environmental sustainability in Zimbabwe has been variable. The government has made some progress in phasing out ozone-depleting substances, minimising carbon dioxide emissions and improving the access to safe sources of water.³⁴⁵ However, the water situation in the country is still a challenge; the government is still struggling to get funds to buy adequate chemicals to make the water safe for drinking. Deforestation remains a problem, as the majority of Zimbabweans continue to harvest natural resources such as firewood despite the prohibitive regulations. This highlights the fact that poverty, which can lead individuals to rely on resources such as firewood to sustain them, is connected with environmental sustainability. The issue of deforestation is unlikely to be dealt with anytime

³³⁹ UN Zimbabwe(2012) 9.

³⁴⁰ United Nations Economic & Social Council Economic Commission for Africa *Report on Progress in Achieving the Millennium Development Goals in Africa* (2013) 5.

³⁴¹ Business for Millennium Development 'MDG 4: Reduce Child Mortality' (2014) available at <http://www.b4md.com.au/blog/mdg-4-reduce-child-mortality/> (accessed 15 May 2015).

³⁴² UN Zimbabwe(2012) 10.

³⁴³ UN Zimbabwe(2012) 10.

³⁴⁴ Nwonwu F (2008) 151.

³⁴⁵ UN Zimbabwe(2012) 11.

soon as there is constant load shedding and people rely on firewood to cook. There is a need for companies to get involved in electrifying rural areas to reduce deforestation. Additionally, while there was a reduction of poaching, there are endangered species of animals that still require protection.³⁴⁶ Companies through CSR can support environmental sustainability by investing in clean energy, making infrastructure improvements, increasing access to sanitation, offering technical assistance and promoting ecosystem-based solutions.³⁴⁷ Businesses can also contribute to MDG 7 by making production processes as clean as possible and by investing in product and processes innovation.³⁴⁸

Zimbabwe has made only limited progress on striking strategic partnerships. Hence the country may not meet the targets in MDG 8 unless it comprehensively addresses the issues of competitiveness and promotes integration with regional and global markets. The country also needs to implement a debt and arrears clearance strategy.³⁴⁹ Progress has been made towards different goals however, a few months remaining to the 2015 deadline; maternal health, poverty eradication and reduction of unemployment are unlikely to be achieved.³⁵⁰

3.4.3: Millennium Development Goal 1: Eradicate Poverty and Extreme Hunger

Poverty is defined by the World Bank (WB) as the state in which people live on less than two dollars a day and extreme poverty is defined as those that live on less than one dollar a day.³⁵¹ Sachs defines extreme poverty as 'poverty that kills, depriving individuals of the means to stay alive in the face of hunger, disease and environmental standards.'³⁵² MDG 1 aims to eradicate extreme poverty. Zimbabwe has been unable to achieve this goal due to its ailing economy and lack of funding. The country cannot get a debt rescheduling which will enable it to start receiving financial assistance from international financial institutions until it has cleared arrears owed to the Bretton Woods institutions.³⁵³ Such failure to access funds or get

³⁴⁶ UN Zimbabwe (2012) 10.

³⁴⁷ The World Bank 'Goal 7: Ensure Environmental Sustainability by 2015' (2015) available at <http://www.worldbank.org/mdgs/environment.html> (accessed 15 May 2015).

³⁴⁸ Business for Millennium Development 'MDG 4: Reduce Child Mortality' (2014) available at <http://www.b4md.com.au/blog/mdg-4-reduce-child-mortality/> (accessed 15 May 2015).

³⁴⁹ African Health Observatory 'Issues and Challenges' (2014) available at http://www.who.int/profiles/information/index.php/Zimbabwe:Issues_and_challenge_-_Progress_on_the_Health-Related_MDGs (accessed 16 May 2015).

³⁵⁰ United Nations Development Programme Zimbabwe 'The Post-2015 Development Agenda Issue' 2013 *Brown Bag Dialogue Series Issue No. 052*.

³⁵¹ The World Bank *World Bank's \$1.25/day Poverty Measure- Countering Latest Criticisms* (2010) 1.

³⁵² Sachs J 'Investing in Development: A Practical Plan to Achieve the Millennium Development Goals Overview' (2005) *Report to the UN Secretary-General* 74.

³⁵³ 'Zimbabwe Must Clear Arrears First: IMF' *Chronicle* 11 April 2015 available at

financial assistance has slowed down the achievement of the MDGs in the country. The economy has managed to rise from a negative GDP of 5.7% between 2001–2006 to 5.4% in 2009 and 9.3% in 2011. However, this has not translated to growth in productive employment nor poverty reduction. This is likely due to weak connections between the growth sectors and other sectors of the economy.³⁵⁴

The significant decline in agricultural production due to droughts and inadequate availability of agricultural inputs has had a negative the impact on human welfare.³⁵⁵ A country that was once the food basket for southern African region has become a net importer of food with an increased proportion of people living below the Food Poverty Line (FPL). The FPL stood at thirty-two dollars in 2014 meaning that the minimum needs basket cost that much for a person.³⁵⁶ The high level of malnutrition attributed to food insecurity is largely responsible for mortality and ill-health among children under five years of age.³⁵⁷

Central to the land reform issue is the need to address the land tenure system for both communal and commercial farms, including property rights that would facilitate investment and accessibility to credit.³⁵⁸ The national economy has lost its competitive edge and the on-going investment climate has not been conducive to attracting new capital and investment. Additional external shocks and other vulnerabilities in the form of the food and fuel crises experienced during 2007 and 2008, as well as the 2009 financial and economic crisis and the impact of periodic droughts and floods, further increased this economic vulnerability.³⁵⁹

In Zimbabwe achieving full and productive employment and decent work for all, including women and young people is unlikely to be met by 2015. Underemployment and unemployment remains a persistent challenge; those that have occupations are victims of meagre salaries and to worsen the situation the nation keeps producing graduates while at the

³⁵⁴ <http://www.chronicle.co.zw/zim-must-clear-arrears-first-imf/> (accessed 07 April 2015).
‘UN Zimbabwe Eradicate Extreme Poverty and Hunger’ available at <http://www.zw.one.un.org/togetherwedeliver/millennium-development-goals/1-eradicate-extreme-poverty-and-hunger> (accessed 7 April 2015).
³⁵⁵ UNDP in Zimbabwe ‘Eradicate Extreme Hunger and Poverty’ available at <http://www.zw.undp.org/content/zimbabwe/en/home/mdgoverview/mdg1.html> (accessed 7 April 2015).
³⁵⁶ Ministry of Finance and Economic Development ‘Poverty datum Lines – January 2014’ available at <http://www.zimtreasury.gov.zw/189-poverty-datum-lines-january-2014> (accessed 11 April 2015).
³⁵⁷ UNDP in Zimbabwe ‘Eradicate Extreme Hunger and Poverty’ available at <http://www.zw.undp.org/content/zimbabwe/en/home/mdgoverview/mdg1.html> (accessed 7 April 2015).
³⁵⁸ UNDP in Zimbabwe ‘Eradicate Extreme Hunger and Poverty’ available at <http://www.zw.undp.org/content/zimbabwe/en/home/mdgoverview/mdg1.html> (accessed 7 April 2015).
³⁵⁹ UNDP in Zimbabwe ‘Eradicate Extreme Hunger and Poverty’ available at <http://www.zw.undp.org/content/zimbabwe/en/home/mdgoverview/mdg1.html> (accessed 7 April 2015).

same time failing to create employment.³⁶⁰ The unemployment pressure is particularly high for youths, representing 81% of the unemployed. The decline in formal employment, with many workers engaged in poorly remunerated informal jobs, has a direct bearing on both poverty and hunger. In 2011, 94% of paid employees received an income equal to or below the total consumption poverty line (TCPL) for an average family of five, while three out of every four employed persons in Zimbabwe being classified as in vulnerable employment.³⁶¹ According to the survey conducted by Africa Check millions of Zimbabweans work in the informal sector mostly as vendors and an estimate of six hundred thousand people work in formal employment.³⁶²

The government has clearly failed to meet this goal due to lack of funding. CSR can play a role in assisting the government reduce extreme poverty and create employment. Companies can engage in rural investments to promote food output. Food and beverages companies can develop products that combat nutrition deficiencies and increase access to affordable product and services that meet basic needs.³⁶³ CSR initiatives can involve investing in local projects in attempt of creating employment and also recruiting locally achieving MDG 1. Companies have the ability to improve investment and access of the country's exports to world markets in an attempt to create jobs. CSR initiatives can advocate for increased quantity and quality of donor aid into the country which will enable the government to curb extreme poverty and create employment.³⁶⁴

3.4.4: Millennium Development Goal 5: Reducing Maternal Mortality

According to the World Health Organisation (WHO), 'maternal death is the death of a woman while pregnant or within forty-two days of termination of pregnancy, irrespective of the duration and site of the pregnancy, from any cause related to or aggravated by the

³⁶⁰ United Nations in Zimbabwe Newsletter VI January-April 2013 (2) available at <http://www.zw.one.un.org> (accessed 7 April 2015).

³⁶¹ UN Zimbabwe 'Eradicate Extreme Poverty and Hunger' available at <http://www.zw.one.un.org/togetherwedeliver/millennium-development-goals/1-eradicate-extreme-poverty-and-hunger> (accessed 7 April 2015).

³⁶² Chiumia S 'Is Zimbabwe's unemployment rate 4%, 60% or 95%? Why the data is unreliable' 2014 available at <http://africacheck.org/reports/is-zimbabwes-unemployment-rate-4-60-or-95-why-the-data-is-unreliable/> (accessed 07 April 2015).

³⁶³ Louise C 'Can Business Help Achieve the Millennium Development Goals?' (2004) *Rotary International Conference 9*.

³⁶⁴ Nelson J & Prescott D 'Business and the Millennium Development Goals: A Framework for Action' (2008) *2ed International Business Leaders Forum 9*.

pregnancy or its management but not from accidental or incidental causes.³⁶⁵ Complications during pregnancy and childbirth are a leading cause of death and disability among women of reproductive age in developing countries. The maternal mortality ratio represents the risk associated with each pregnancy that is the obstetric risk.³⁶⁶

Reducing maternal mortality has been highlighted as an important indicator of national health and the socio-economic development of countries in promoting the health of the mother and child.³⁶⁷ In 2000, the reduction of maternal mortality was adopted in the global action plan under MDG 5.³⁶⁸ According to the UN, ‘the Partnership for Maternal, New-born and Child Health and the Countdown to 2015 initiative, have put maternity protection as part of global and national initiatives for improving maternal and new-born health’.³⁶⁹ According to the UN report Zimbabwe’s fight to lower maternal mortality rates was failing due to growing social inequalities, AIDS, and lack of access to emergency obstetric care. Around one-third of Zimbabwean women still deliver babies at home, and poorer women often cannot afford basic healthcare due to user fees.³⁷⁰ As a result, more than half of mothers do not return for post-natal check-ups. Zimbabwe has no law that compels government clinics and hospitals to provide primary care to women, children or other vulnerable groups for free, although there are state subsidies.³⁷¹

Lack of funding has led to the government freezing about four hundred nurses’ and doctors’ posts nationwide. As a result, many qualified nurses and doctors have struggled to find work therefore resorting to offering their skills to other countries such as the United Kingdom for employment and better earnings.³⁷² Hence the need for companies to pool in funds through CSR to be used to hire and pay qualified nurses or doctors or to adopt health institutions and make sure these institutions operate smoothly away from government corruption. Another

³⁶⁵ World Health Organisation ‘Health Statistics and Information Systems’ available at <http://www.who.int/healthinfo/statistics/inmaternalmortality/en/> (accessed 7 April 2015).

³⁶⁶ World Health Organisation ‘Health Statistics and Information Systems’ available at <http://www.who.int/healthinfo/statistics/inmaternalmortality/en/> (accessed 7 April 2015).

³⁶⁷ United Nations Zimbabwe ‘Maternal Mortality in Zimbabwe Evidence, Costs and Implications Paper’ (2013) *Issue Paper Series – Paper 1* 1.

³⁶⁸ United Nations in Zimbabwe (2013) 1.

³⁶⁹ United Nations in Zimbabwe (2013) 1.

³⁷⁰ Phiri G Zimbabwe’s Maternal Mortality Crisis’ *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html> (accessed 7 April 2015).

³⁷¹ Phiri G ‘Zimbabwe’s Maternal mortality crisis’ *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html> (accessed 7 April 2015).

³⁷² McGregor J ‘Professionals Relocating: Zimbabwean Nurses and Teachers Negotiating Work and Family in Britain’ 2006 *The University of Reading Geographical Paper No.1785*.

factor that has led to the increase in maternal mortality is the consistent load shedding in these health institutions, few have access to generators and the frequent strikes by medical personnel is one of the factors too. Through CSR initiatives companies can donate generators to keep public hospitals and clinics functioning fully. The situation on the ground currently is that for one to acquire adequate healthcare one has to bribe medical staff (who do not work to the best of their ability as they are dissatisfied about their wages) to treat her or him.³⁷³

In Zimbabwe, the maternal mortality rate stands at 960 per 100,000 live births about ninety-two per cent higher than the average rate in Sub-Saharan Africa. According to the UN newsletter the problem is attributed to the three delays that is identification of the medical complication which in other words is the delay in deciding to seek health care services, lack of access to medical care, and the quality of medical care.³⁷⁴ The situation for women in rural Zimbabwe is bad and is not showing any sign of improvement, women continue to experience difficulties in accessing quality obstetric care.³⁷⁵ In rural areas women face transport issues to access hospitals that are very far; there are no ambulances to take the women to hospitals some end up using slow scotch carts to go there and others opt to give birth in their homes with the assistance of midwives with inadequate training.³⁷⁶

According to the office of the UN resident coordinator, the figures lag far behind Zimbabwe's Millennium Development Goals, which call for a 75 per cent reduction in maternal mortality by 2015.³⁷⁷ Globally, just 287 mothers die per 100,000 live births, and in sub-Saharan Africa the figure stands at 500 per 100,000.³⁷⁸ This is partly due to the prolonged political and economic crisis in the country and has been exacerbated by the HIV/AIDS epidemic. Zimbabwe would not meet its target of reducing maternal deaths by 2015 mainly because some women deliver their babies outside health institutions by non-

³⁷³ Mundawarara T 'Corruption Burns Universal Access' 2010 *Access to Treatment and Corruption Report* 11.

³⁷⁴ United Nations in Zimbabwe Newsletter VI January-April 2013 (2) available at <http://www.zw.one.un.org> (accessed 7 April 2015).

³⁷⁵ Phiri G 'Zimbabwe's Maternal Mortality Crisis' *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html> (accessed 7 April 2015).

³⁷⁶ Theron G 'Improving Maternal Health' in Nwonwu F (ed) *The Millennium Development Goals: Achievements and Prospects of Meeting the Targets in Africa* (2008) 151.

³⁷⁷ Phiri G 'Zimbabwe's Maternal Mortality Crisis' *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html> (accessed 7 April 2015).

³⁷⁸ Phiri G 'Zimbabwe's Maternal Mortality Crisis' *Aljazeera* 09 February 2014 available at www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html (accessed 7 April 2015).

skilled people who are not qualified to be midwives.³⁷⁹ According to the Zim Asset the country is experiencing increased maternal mortality as a result of lack of finance to buy essential drugs, equipment and to rehabilitate dilapidated infrastructure.³⁸⁰ The introduction of health service fees for even the most basic and crucial services have pushed the health service beyond the means of the ordinary Zimbabweans.³⁸¹ In order to reduce the maternal mortality rate in Zimbabwe there is a need for pharmaceutical companies to assist in financing or providing essential medicines and equipment for high quality care.³⁸² Construction companies can assist in re-building dilapidated hospitals and upgrading laboratory services to ensure that pregnant women get the best medical care. In rural areas companies can build clinics that are closer, provide transport to carry pregnant women that are in labour and assist the women in paying hospital fees.

3.5: Achievement of National Development Goals

For the purpose of this paper development represents human growth in all aspects of life. Development is considered to be the process in which human beings experience abundant life and have their liberties upheld. Development suggests that citizens are meeting their basic needs (food, clothing and shelter) as well as their higher needs (emotional, aesthetic and intellectual).³⁸³ The absence of development is characterised by poverty, oppression and general discontent.³⁸⁴ At the present situation in Zimbabwe (at the time this paper was written) there is lack of development which is characterised by poverty, high rates of unemployment and general discontent by the people which has led to a huge number of people migrating to other countries with better development.³⁸⁵ Zimbabwe has national development plans that are in line with the United Nations MDGs whose sole purpose is to better the lives of its people. However, some of these development policies are theories on paper they lack practicality or implementation as a result they have failed to achieve the

³⁷⁹ Phiri G 'Zimbabwe's Maternal Mortality Crisis' *Aljazeera* 09 February 2014 available at <http://www.aljazeera.com/indepth/features/2014/02/zimbabwe-maternal-mortality-crisis-20142561739198301.html>(accessed 7 April 2015).

³⁸⁰ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013 – 2018) *Economic Policy* 21.

³⁸¹ MDP Zimbabwe Project 'Health' available at <https://www.sites.google.com/a/tcd.ie/mdp-zimbabwe-project/health>(accessed 16 May 2015).

³⁸² African Health Observatory 'Issues and Challenges' (2014) available at http://www.who.int/profiles_information/index.php/Zimbabwe:Issues_and_challenge_-_Progress_on_the_Health-Related_MDGs(accessed 16 May 2015).

³⁸³ Chitando E & Mangena F 'Millennium Development Goals in Zimbabwe "Decade of Crisis"' (2011) 13 *Journal of Sustainable Development in Africa* 236.

³⁸⁴ Chitando E & Mangena F (2011) 236.

³⁸⁵ Chitando E & Mangena F (2011) 236.

targeted results.³⁸⁶ The Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset) is the current policy that follows other national development policies that were set up by the government to move towards an empowered society and a growing economy. This economic blue print bears a set of national development goals that have to be achieved within a period of five years that is from October 2013 to December 2018.³⁸⁷

3.5.1: Zimbabwe Agenda for Sustainable Socio-economic Transformation

Zim Asset was crafted to achieve sustainable development, economic empowerment, employment creation and social transformation for the people of Zimbabwe.³⁸⁸ However, the economic policy has not resulted in improved socio-economic welfare for the people.³⁸⁹ An economic policy is an action that is intended to influence or control the behaviour of the economy. To achieve policy goals, governments use policy tools which are under the control of the government, these goals include economic growth, full employment and price stability.³⁹⁰ For the success of the policy, there is need for collaboration of economic agents and various economic sectors such as the corporate sector. However, the success and reality of the policy is questionable. The policy is marred by limited funding capacity, limited focus, policy inconsistency, poor performing public sector, poor governance pose a serious threat to the realisation of Zim Asset.³⁹¹

Zim Asset contains a number of national development goals (NDGs). These include food security and nutrition; social services and poverty eradication; infrastructure and utilities; and value and beneficiation.³⁹² These goals are meant to improve the lives of Zimbabweans. Development planning is central in any endeavour by the government to deliver its mandate with regard to development goals. The government has been playing the leading role in development planning in Zimbabwe and from the results the government needs the help from

³⁸⁶ Chitando E & Mangena F (2011) 238.

³⁸⁷ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013 – 2018)*Economic Policy*.

³⁸⁸ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013 – 2018)*Economic Policy* 9.

³⁸⁹ Bonga WG ‘Economic Policy Analysis in Zimbabwe: A review of Zimbabwe Economic Policies: Special reference to Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset)’(2014)*Social Science Research Network (SSRN)* 1.

³⁹⁰ Bonga WG (2014) 2.

³⁹¹ Matutu V ‘Zimbabwe Agenda for Sustainable Socio-economic Transformation (ZIM ASSET 2013-2018) A Pipeline Dream or Prospects of the Economic Blue Print’ (2014) 1*Researchjournali’s Journal of Public Policy* 2.

³⁹² Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013- 2018) *Economic Policy*9.

the private sector to achieve the NDGs.³⁹³ Bonga states that, ‘Zim Asset remains trapped in the development planning shortcomings of the country thus limiting its capacity to attain its defined goals. The policy is also aimed at developing infrastructure, increasing productivity for small to medium enterprises, facilitating commodity beneficiation and maintaining the multiple currency regime.’³⁹⁴ There is a need for the private sector to intervene and play a part by helping the government in monitoring the implementation process.³⁹⁵

According to the Food and Agriculture Organisation (FAO), “food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”.³⁹⁶ FAO identifies four conditions towards ensuring food security: adequacy of food supply or availability; stability of supply without fluctuations or shortages from season to season or from year to year; accessibility to food or affordability; and, quality and safety of food.³⁹⁷ The right to adequate food is enshrined in the International Covenant on Economic, Social and Cultural Rights (ICESCR), to which Zimbabwe is party. It is an important component of the right of everyone to an adequate standard of living. Article 11 of the ICESCR establishes that every person has the right to adequate food and to be free from hunger.³⁹⁸

However, two years into the implementation of the plan the government is struggling to safeguard food security and provide funding to the agriculture, farmers are struggling to produce quality products because of lack of resources and are failing to produce food that is sufficient for everyone in the country.³⁹⁹ The economic policy has partially managed to fund schools, partially managed to provide housing and funding hospitals, however the policy has not produced clear results in creating employment.⁴⁰⁰ The government has not done much as it has promised to do in the policy. This inability can largely be attributed to lack of funds required to achieve NDGs. As discussed in chapter two a few companies have supplemented government efforts through CSR to improve the lives of people. However, there is a need for

³⁹³ Matutu V(2014) 7.

³⁹⁴ BongaWG (2014) 9.

³⁹⁵ Bonga WG (2014) 9.

³⁹⁶ Amnesty International ‘Zimbabwe Power and Hunger- Violations of the Right to Food’(2004) available at <http://www.skeptically.org/ehum/id1.html> (accessed 9 April 2015).

³⁹⁷ Amnesty International ‘Zimbabwe Power and Hunger- Violations of the Right to Food’ 2004 available at <http://www.skeptically.org/ehum/id1.html> (accessed 9 April 2015).

³⁹⁸ Amnesty International Zimbabwe ‘Power and Hunger- Violations of the Right to Food’ 2004 available at <http://www.skeptically.org/ehum/id1.html>(accessed 9 April 2015).

³⁹⁹ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET 2013 – 2018) *Economic Policy*38.

⁴⁰⁰ Zimbabwe Agenda for Sustainable Socio-Economic Transformation (Zim Asset 2013 – 2018) *Economic Policy* 38.

all companies to partake in CSR initiatives to produce greater results on the ground that is reducing poverty, safeguarding food security and creating employment.

3.6: Sustainable Development Goals

The sustainable development goals (SDGs) are a new, universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next fifteen years. The SDGs follow, and expand on, the MDGs, which were agreed by governments in 2000, and are due to expire at the end of 2015.⁴⁰¹ The UN Member states are expected to adopt the final post-2015 agenda at a High-level Summit in September 25-27th 2015.⁴⁰² The proposed SDGs consist of seventeen development goals and 169 targets to be achieved by 2030. The list includes a reworking of the eight millennium development goals that expire this year, such as eradicating poverty and hunger, improving education, and achieving gender equality, as well as new goals on water and sanitation, affordable energy, safer cities and climate change.⁴⁰³

According to the heads of state that met at Rio de Janeiro, eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development.⁴⁰⁴ Hence, the targets include eradicating extreme poverty and halving the number of people living in poverty according to national definitions. On hunger, the goals call for doubling agricultural productivity and the incomes of small-scale farmers. The health targets include ending preventable deaths of new-borns and children under five years old.⁴⁰⁵ Poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production, and protecting and managing the natural resource base of

⁴⁰¹ Ford L 'Sustainable Development Goals: All You Need To Know' *The Guardian* 19 January 2015 available at <http://www.theguardian.com/global-development/2015/jan/19/sustainable-development-goals-united-nations> (accessed 9 April 2015).

⁴⁰² 'Sustainable Development 2015: Intergovernmental Process' available at <http://www.sustainabledevelopment2015.org/index.php/intergovernmental-process> (accessed 10 April 2015).

⁴⁰³ Kweifio-Okai C 'Will these Sustainable Development Goals Do the Job?' *The Guardian* 6 August 2014 available at <http://www.theguardian.com/global-development/2014/aug/06/sustainable-development-goals-un> (accessed 10 April 2015).

⁴⁰⁴ United Nations 'The Future We Want' 2012 *Conference on Sustainable Development 20-22 June Rio de Janeiro* 1.

⁴⁰⁵ Kweifio-Okai C 'Will these Sustainable Development Goals Do the Job?' *The Guardian* 6 August 2014 available at <http://www.theguardian.com/global-development/2014/aug/06/sustainable-development-goals-un> (accessed 10 April 2015).

economic and social development are the overarching objectives of and essential requirements for sustainable development.⁴⁰⁶

The proposed seventeen SDGs: are ending poverty in all its forms everywhere; end hunger, achieve food security and improved nutrition, and promote sustainable agriculture; ensure healthy lives and promote well-being for all at all ages; ensure inclusive and equitable quality education and promote life-long learning opportunities for all; achieve gender equality and empower all women and girls; ensure availability and sustainable management of water and sanitation for all; ensure access to affordable, reliable, sustainable and modern energy for all; promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation; reduce inequality within and among countries; make cities and human settlements inclusive, safe, resilient and sustainable; ensure sustainable consumption and production patterns; take urgent action to combat climate change and its impacts; conserve and sustainably use the oceans, seas and marine resources for sustainable development; protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; strengthen the means of implementation and revitalise the global partnership for sustainable development.⁴⁰⁷

Developing countries need additional resources for sustainable development. There is a need for significant mobilisation of resources from a variety of sources and the effective use of financing, in order to promote sustainable development.⁴⁰⁸ One of the challenges that countries might face in implementing SDGs is the financing of these goals; the goals require finance for development and climate finance so that these goals can be fully met.⁴⁰⁹ Companies through CSR can assist governments by financing either the development goals or

⁴⁰⁶ United Nations (2012) 1.

⁴⁰⁷ UN Sustainable Development 'Knowledge Platform: Open Working Group proposal for Sustainable Development Goals' available at <https://www.sustainabledevelopment.un.org/focussdgs> (accessed 10 April 2015).

⁴⁰⁸ UN Sustainable Development 'Knowledge Platform: Open Working Group proposal for Sustainable Development Goals' available at <https://www.sustainabledevelopment.un.org/focussdgs> (accessed 10 April 2015).

⁴⁰⁹ Schmidt-Traub G 'Three Challenges to Address to make the SDGs Work' 2015 available at <http://unsdsn.org/news/2015/01/21/three-challenges-to-address-to-make-the-sdgs-work/> (accessed 10 April 2015).

goals related to climate. There is a greater need for companies to finance SDGs so that all the seventeen goals can be achieved. This need has been shown by the failure of the governments to achieve MDGs as a result of inadequate funding and over reliance on donor aid.

3.7: Corporate Social Responsibility and the Development Goals

As outlined in chapter two, CSR is vital for the welfare of the society and the economy. At the 2000 Millennium Summit, Annan stated that the MDGs cannot be achieved without the support from the private sector. He called upon the private sector to join governments in achieving the goals.⁴¹⁰ The welfare of the people can no longer be the sole responsibility of the government but of companies as well operating within a particular area. CSR can be used as a tool to accelerate the achievement of development goals either the national development goals or the UN MDGs or SDGs. Companies may provide finance to the government to achieve such goals or those companies actively partaking in achieving the goals themselves. Companies' involvement will redouble the efforts in human development and recover lost ground in progress toward the MDGs.⁴¹¹

The achievement of the MDGs is faced with the reality of limited funding within the government, both at central and regional levels. Thus achieving the MDGs is still difficult to implement if the government relies on public funds alone. The commitment to meet both the MDGs and NDGs require further funding and involvement of a range of stakeholders, and efforts are required to enhance the participation of stakeholders. Therefore, the government, private sector and communities should sustain and support each other in accordance with their respective duties and functions.⁴¹² Business thrives where society thrives therefore businesses have a responsibility towards the welfare of the society.

3.8: Conclusion

There is a need for harmony between businesses and the government to join forces to accelerate the achievement of development goals in Zimbabwe and other countries as well. One of the main problems in achieving development goals is funding, developing countries

⁴¹⁰ BMZ Division for the Millennium Development Goals *The Millennium Development Goals: Background-Progress-Activities* (2010) 12.

⁴¹¹ World Bank & International Monetary Fund *Global Monitoring Report: A Development Emergency* (2009) xii.

⁴¹² Cahyandito MF 'Accelerating the Achievement of Millennium Development Goals (MDGs) through Corporate Social Responsibility (CSR): An Actual Discussion in Indonesia and Germany' (2011) *Albert-Ludwigs-Universitat Freiburg Institut fur Forstokonomie* 9.

such as Zimbabwe with low income and limited resources due to weak economies are unable to fund the achievement of these goals fully. The failure of the government to pay the people their salaries in time and bonuses is a clear indication that the government has shortage of funds. CSR has a potential to support the achievement of development goals due to its similar goals and benefits with those of the development goals. Inadequate resources for finance projects in Zimbabwe have led to the failure of MDGs being fully implemented and climate has been a major challenge which affected agriculture hence threatening food security in Zimbabwe. Therefore there is a need for companies to work together with the government to finance the development goals and climate goals. However, as noted in chapter two, companies can assist the efforts of the government for development of society and social progress through their commitment, but cannot act as a substitute for government's role towards the society. The next chapter will provide recommendations of how CSR can be effectively carried out in Zimbabwe in order to assist the efforts of the government to fully achieve both national and international development goals.



CHAPTER 4

CONCLUSION AND RECOMMENDATIONS

4.1: Introduction

This chapter provides a conclusion and recommendations arising out of the substantive chapters two and three. It integrates the recommendations to provide a unified proposal on the way forward; including ways in which corporate social responsibility can be regulated to ensure that the MDGs that would soon be incorporated into SDGs and NDGs would be achieved. The recommendations are made against the background of the discussion of corporate social responsibility being co-regulated in order to help fast track the achievement of development goals in Zimbabwe such as the national development goals and the incoming sustainable development goals.

4.2: Conclusion

This mini-thesis reviewed the prospects of meeting DGs through CSR. The purpose of this thesis was to show the relationship between CSR and development within the societies and how the former can be used as a tool to achieve the latter. Both concepts aim at developing the lives of the community. However to achieve human development there has to be adequate funding and companies have the ability to provide funding through CSR. As outlined in chapter two, CSR is a complex concept that does not have a global definition yet international instruments and different authors have provided different definitions for it. All the definitions bear the same element which is that the activities of the companies have to contribute to the betterment of the society.⁴¹³

Companies have to make a long-term commitment to contribute to the development of the society. Such contributions are continuous in nature and cannot be equated to corporate philanthropy where companies make donations to communities once in a while. The importance of CSR is recognised internationally and nationally; different international instruments and national legal frameworks promote CSR. This is because CSR has the potential to lift millions of people out of poverty if regulated effectively and also because businesses can only thrive if the society they are operating in is thriving. As shown in chapter

⁴¹³ See section 2.2 of the mini-thesis.

two and three corporations have the ability to curtail persisting social causes like hunger, poverty, unemployment to mention but a few which the governments of different countries have failed to eliminate. Corporations have significant financial power, which if used properly and through social initiatives, has the ability to turn around global problems of underdevelopment towards a developed society.

Government efforts in Zimbabwe to achieve human development have been thwarted by lack of resources, paucity of funds, poor corporate governance, corruption and political unrest. Efforts to acquire funding have been futile, the country cannot borrow funds from the Bretton Woods institutions until it has cleared its debt, donor assistance has lessened since the inception of sanctions and the money collected from taxes that is being used to fund the budget entirely is inadequate to cater for the welfare of the people of Zimbabwe let alone fund development projects. The government has failed to achieve NDGs and some MDGs especially eradicating extreme poverty and creating employment (MDG1) and also reducing maternal mortality rate (MDG5). As such millions of people in the country continue to suffer and survive on less than \$1.25 a day. In its national development plan the government vowed to safeguard food security and create employment (NDGs) for the millions of people that are currently jobless.

The national budgets have not allowed the government to live up to its promise, funding has been inadequate to support the agricultural sector and as a result farmers have produced food that is insufficient to feed the entire population. As such the country has become a consumptive economy which imports more than it exports, the consequence of such action is that food prices go up leaving the majority of poverty stricken people unable to cater for themselves. The unemployment rate is high and the government has failed to deliver as it had promised under the Zim Asset to create employment especially for the youth. The maternal mortality rate is high due to poor health facilities, shortage of essential drugs, user fees, dilapidated infrastructure and lack of funding. The government has made efforts to address these causes in order to reduce maternal mortality rates, however these efforts have been limited by funding and hence not much positive results have been seen. Hence the call made in this mini-thesis for corporations to come into play and assist the government in developing the society and in so doing achieving the development goals. The failure to achieve the targeted MDGs and NDGs is a sign that the government cannot do it on its own but needs

assistance from all sectors.⁴¹⁴ Such challenges are hard to overcome if the government is relying on public funds alone.

CSR is an important tool in accelerating the achievement of DGs. It is important in that it creates a responsibility on the corporations to tackle persisting social issues. However, the concept does not displace the government from its role of catering for the needs of the people but supplements government efforts. The activities involved are not only important for the communities but for the corporation as well. As discussed in chapter two CSR helps create and build-up the reputation of the company. A company that engages in CSR is more likely to have a good reputation than a company that is ignorant of such activities or is in violation of the rights of the community.⁴¹⁵ Unlike market opportunities and cost savings that make for short-term profit CSR activities can be seen as brand enhancement and beneficial to long-term shareholder value. However, the failure to engage in CSR activities might lead to investors withdrawing from doing business with the company as such having a negative impact on the company.⁴¹⁶

A few companies in Zimbabwe are involved in CSR, as such, this paper calls for co-regulation of CSR to influence most companies to engage in CSR initiatives that enhance development in societies in which they operate. State regulation has proven to be cumbersome and costly for corporations therefore co-regulation is the better choice. As discussed in chapter two some aspects CSR are no longer purely voluntary, different laws have crept into the private space of CSR and failure to comply with such laws means that such companies would be held legally accountable.⁴¹⁷ Therefore, in co-regulating CSR, legislation in Zimbabwe will be put in place like in India to monitor that the activities engaged in pursue DGs and ensure that all companies are involved in CSR in order to create a level field. On the other hand allowing corporations to self-regulate CSR in accordance with the corporations' structure and needs, control how and what CSR activities the corporation will engage in.⁴¹⁸ Companies in Zimbabwe, especially local-owned companies are lagging behind when it comes to CSR, therefore co-regulating CSR will promote a responsible behaviour towards the community. To ensure that companies fully assist in achieving DGs

⁴¹⁴ See section 3.4.2 of the mini-thesis.

⁴¹⁵ See section 2.2 of the mini-thesis.

⁴¹⁶ See section 2.2 of the mini-thesis.

⁴¹⁷ See section 2.3.1.1 of the mini-thesis.

⁴¹⁸ See section 2.3.1.3 of the mini-thesis.

there is a need for strategic CSR where different sectors integrate different DGs into their CSR initiatives.

4.3: Recommendations

Zimbabwe may co-regulate CSR through legislation in order to bring most companies under one roof whether in the public sector or private sector. This will create uniformity and have all companies acting responsibly towards the society. By acting responsibly and putting the needs of the society at the forefront companies would be taking a step towards the achievement of DGs. The objective of co-regulating CSR is to increase corporate participation in local empowerment programs. By co-regulating CSR, the legislation is not taking away the voluntary nature of CSR; companies can still self-regulate their activities towards the society. However, the legislation will act as a reminder to companies of their obligation to engage in CSR and sanctions that will be put in place for companies that ignore or fail to act responsible towards the society. This structure is recommended because it is feasible for some provisions to be binding and enforceable; whereas other provisions cannot be applied uniformly to corporations of different sizes, nature and capacity. Different sectors are to engage in different CSR initiatives in an effort to advance different goals (strategic CSR) for example the mining sector can focus on employment, health and the environment whereas other sectors can focus on poverty eradication, education, food security and so on. To effectively achieve human development it will be pointless for all sectors to focus on one goal whilst other goals are neglected.

CSR legislation must have a mandatory social accounting requirement for companies, in other words companies are to have CSR committees like in India that will bear the sole responsibility of overseeing CSR activities in the company and produce annual reports that would be published. Those companies that fail to engage in CSR activities may be required to publish reports as well stating valid reasons why they could not engage in such activities. A detailed section of CSR should be incorporated in the Zimbabwe's Company Act and also into the National Code of Corporate Governance to emphasise the importance of CSR. CSR consultancies should be established whose task will be to advise corporations on policies, offering training, assisting companies on writing codes of conduct or CSR reports. The Access of Information and Protection Act in Zimbabwe should be implemented and enforced correctly in order to promote social and environmental accountability especially in the mining sector by ensuring that government and mining companies provide necessary information to

the public. The legislation should incorporate some principles from the UN Guiding Principles on Business and Human Rights to advance accountability; this would help businesses to operate in a way that does not violate people's rights.

CSR has to be regulated to create transparency and uniformity. The legislation should be implemented in such a way that it does not take away the voluntary nature of CSR. The legislation should be crafted in such a manner that international accepted practises of CSR are taken into account. According to Gayo, 'mandatory CSR would provide legal certainty and clear guidelines in implementing the CSR programs.'⁴¹⁹

There is a need to have an independent regulator who is free from any politics or political interferences who will independently oversee the implementation of CSR and if the need arises for companies to pool in CSR money then that body will manage the funds. The independent body must consist of members who are not affiliated to any political parties in order to make clear and unbiased decisions; and to curb corruption which has become characteristic of the country. There is a need for politics to stay clear of CSR activities so that the society can benefit. In Zimbabwe some of the social responsibility by organisations are high jacked by politicians and used as campaigning tools, such organisations end up neglecting the welfare of the society and using such funds to source political parties.

The government may provide support for the private sector and improve the climate for recovery and growth in private investment, including paying special attention to strengthening financial systems.⁴²⁰ Businesses can effectively engage in CSR if they are performing well. Thus, the government may stabilise and control prices to create an environment for companies to fully function and be able to supplement government efforts. The government can also enter into partnerships with the private sector to join forces in achieving the DGs. There is a need for the government to reach consensus with the private sector where there is a need to pool in funds towards development rather than impose the amounts like it did under community share ownership schemes that resulted in companies refusing to pay the stipulated amount.

To promote effective CSR, government can encourage companies by offering incentives, such as tax deduction or credits, on the costs associated with social and infrastructure

⁴¹⁹ Gayo S 'Mandatory and Voluntary Corporate Social Responsibility Policy Debates in Indonesia' *International Conference on International Relations Development* 2012 (1).

⁴²⁰ World Bank & International Monetary Fund (2009) xii.

projects. Another incentive is to create CSR awards that would give recognition to those companies that have the best interest of the communities at heart such awards will be good marketing strategies for such companies and enhance their reputation.

When companies engage in CSR activities, they should take development goals into consideration. For example, their CSR activities could focus on education, food security, creation of employment and developing critical skills within employees paving a way for critical development goals to be achieved. As already discussed companies should follow in the footsteps of Econet which is a service provider that has MDG 1 halving unemployment and MDG 2 achieving universal education integrated in its CSR initiatives.⁴²¹ The company provides scholarships to different recipients and after the completion of their degrees the company offers them jobs. In so doing companies increase their chances of acquiring social licences to operate within those areas especially for mining companies they do not only need government permission but also permission from the community to conduct their businesses in the various communities.⁴²²

Development in Zimbabwe has been stagnant; government efforts have not produced any tangible results on the ground. Achievement of DGs is crucial to improve the lives of the population. However, the government has not made a significant progress towards DGs due to lack of funding. Since financial aid is not forthcoming from other sources, it may come from corporations as part of their responsibility to the communities in which they operate. Businesses have the financial ability to assist in empowering the lives of people through CSR. The concept of CSR is an essential tool in accelerating DGs in Zimbabwe; companies have the capacity to supplement government efforts in advancing the achievement of DGs. Co-regulating CSR through legislation will bring most companies to engage in CSR activities which will have a positive impact on the welfare of the communities. The introduction of legislation will push companies to cater for the welfare of the society and environment. Although these goals have deadlines they are on-going in nature they continue affecting the lives of people which brings the need for them to be achieved. SDGs are the next set of incoming goals, to achieve these goals CSR would have to play an essential role in supplementing government efforts towards the achievement of these goals.

Word count: 29198

⁴²¹ See section 2.5.1 of the mini-thesis.

⁴²² Mining facts.org ‘What is the Social License to Operate (SLO)’ available at <http://www.miningfacts.org/communities/what-is-the-social-licence-to-operate/> (accessed 14 April 2015).

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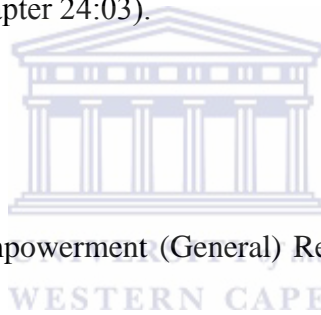
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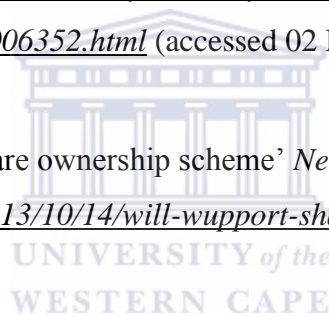
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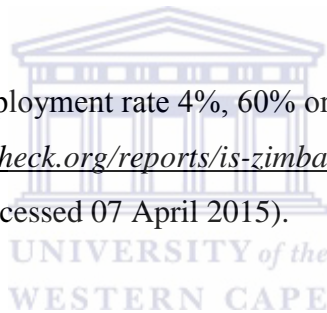
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