

**A STUDY OF EMPLOYEES' PERCEPTIONS OF CORPORATE SOCIAL
RESPONSIBILITY MANAGEMENT IN THE NAMIBIAN BANKING INDUSTRY**

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THE MASTER OF BUSINESS ADMINISTRATION IN MANAGEMENT STRATEGY**

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ABSTRACT

This study investigated the employees' perceptions of Corporate Social Responsibility Management in the Namibian Banking Industry. This study addressed the following research questions: How do the Namibian banking industry employees perceive CSR and what is their perception of the role of CSR and commitment to community welfare and development?

CSR refers to all of an organisations impact on society and the need to deal responsibly with the impacts on each group of stakeholders, shareholders, customers, suppliers, employees and the community.

Secondary data has been obtained from existing available literature and primary data were collected from survey data. A quantitative (questionnaire) research design was used to collect different data about the employees and management's perceptions of CSR.

The study found that the employees' perceptions of corporate social responsibility in the Namibian banking industry are poor. Employees do not appear to understand corporate social responsibility and most employees have poor perceptions about CSR and therefore CSR is not well applied in the Namibian banking industry. On the basis of the results of this research, it can be concluded that most bankers understand CSR as donating or giving back to society and they fail to understand it as the sustainable usage of scarce resources for future generations.

The study concluded that there is a need for top management to undertake the internal marketing of their CSR efforts and to educate middle and junior management and employees about CSR and its importance to the banking industry and for the future generations. Adequate training and employee education on CSR awareness should be implemented; the banks should incorporate CSR strategies into their overall operational and strategic plans of the bank.

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LIST OF ABBREVIATIONS

CSR - Corporate Social Responsibility

FNB - First National Bank

BW - Bank Windhoek

SB - Standard Bank

NB - Nedbank

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DEDICATION

This research is dedicated to my late grandparents Patja Tjaveondja and Bertha Kavikairiua Tjaveondja, who taught me about the quality of hard work that I will treasure for life.

DECLARATION

I, Salomo Karetu Tjitamunisa declare that this thesis is my original piece of work and to my knowledge has not been submitted for a similar degree in any other university.



.....

S.Tjitamunisa

15 May 2016

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Signature: Dr. Scamoni Ali

UNIVERSITY OF SCIENCE AND TECHNOLOGY

SUPERVISOR

Date: 15 May 2016

APPROVAL FORM

The undersigned certify that they have read and recommended to the University of Namibia; a research project entitled: A study of managerial perceptions and application of Corporate Social Responsibility Management in the Namibian Banking Industry.



Professor Dr Shameem Ali

(NAMIBIA UNIVERSITY OF SCIENCE AND TECHNOLOGY)

SUPERVISOR

DATE: 15 May 2016

CHAPTER 1

1.1 INTRODUCTION AND THE RESEARCH BACKGROUND

The relationship between business and society has always been a much discussed topic, since the mid-1950s, scholars have been examining and analysing concepts and theories concerning the responsibilities of business in society. These social responsibilities of business are generally referred to as corporate social responsibility (CSR) (Secchi, 2007).

Votaw (1973, p. 6) states that “corporate social responsibility means something, but not always the same thing to everybody”, this imply that CSR is differently defined and interpreted from different stakeholders globally. However there has been much written on the topic of social responsibility, the debate between business and society has also been ongoing for decades, with almost no consensus emerging on the definition of corporate social responsibility (Kakabadse & Rozuel, 2007).

Flores-Araoz (2011) emphasizes that although many companies are adhering to international standards and trends of CSR in response to both internal and external requirements, there remains considerable potential for growth. CSR presents an opportunity for firms to engage with the communities within which they operate. Some markets or communities present a greater and obvious opportunity for firm-community engagement through CSR than others. In the case of Namibia, there are major problems of economic and social inequality and efforts are needed to ensure the equal access to basic goods and services. In addition to governments, the private sector has a social responsibility to contribute to social wellbeing. The different interpretations and understanding of CSR, present a greater scope for CSR to develop and expand. The variety of social needs of the country in areas such as education, health care (HIV/AIDS) and entrepreneurial development, among many others, offer a wide

spectrum for corporations to launch valuable CSR initiatives that not only can help solve pending social issues, but also empower local individuals to be part of their own communities' economic growth. Corporations can form partnerships with non-profit organizations and with governmental agencies in an effort to expand the reach of their CSR activities and to serve local communities in a more efficient and helpful way.

Kotler et al., (2012, p.12) state that "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources" is the goal. In recent years, consumers have become increasingly aware of the need to protect the environment and demand environmentally friendly products and services. This change in consumer perceptions is a clear reason that should compel firms to promote CSR policies in the interest of all stakeholders. In a survey conducted by Globe Scan Incorporated in 2011, slightly less than half of the interviewees reported having considered rewarding socially responsible companies, while 20% actually did so over the previous year. There are expectations that CSR activities by corporations will increase over the following years.

1.2 STATEMENT OF THE PROBLEM

Holme and Watts (2013) define Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large. Holme and Watts (2013) further state that previously it was voluntary for all the corporates to take steps for the betterment of the society, except government rules and regulations related to the protection of the environment, but now through the companies act of 2013, it has become mandatory for all corporations to engage in corporate social responsibility.

Beck, Demrguc-Kunt, and Levine (2003) state that CSR originated from the fundamental roles of legal and political origins on economic outcomes, especially common law versus civil law, and the legal subfamilies within the civil law tradition such as German, French, and Scandinavian legal systems, which set legal rules and their enforcement, and yet which differed in terms of their priority to protect the right of different types of investors. They further argue that these differences formed the basis of contracting and capital market development that is believed to be the foundation of financial and economic prosperity, which led to the origin of CSR globally.

The Regenesys Business School (2013) states that the term 'Corporate Social Responsibility' came about in the late 1960's and early 1970's after many multinational corporations used it to describe organisational activities that impacted their responsibility towards the greater environment. It further states that CSR originated in philanthropy and that currently it supports projects that are external to the normal business activities of companies that are not directed towards making a profit. Typically, such projects have a strong developmental approach and utilise company resources to benefit non-profit organisations and communities. Lastly they emphasised that CSR spending must not be confused with spending on marketing, which is utilised to promote the profile of the company brand (Regenesys Business School, 2013).

According to a study by Cone Communications (2015), nine out of ten consumers would refrain from doing businesses with a corporation, if there is no corporate social responsibility plan. For example, if a company is heavily involved in the practice of donating funds or goods to local non-profit organizations and schools, this increases the likelihood that a consumer will use their product. Additionally, if a corporation takes great care to ensure that

the materials used in its products are environmentally safe and the process is sustainable; this goes a long way in the eye of the public.

Namibia as a newly independent developing country and its corporate sectors are still dominated by external foreign investments. Most of these corporations are known to pay more attention to profits while neglecting the need to contribute to the environment where these profits are generated. In Namibia there is a general perception of unconcerned attitude by these foreign corporate entities towards CSR.

In Namibia it is a fact that CSR is not mandatory as in other parts of the world, therefore there is no strict adherence to CSR, and a possible lack of knowledge/understanding of the meaning and essence of CSR. There is also a lack of understanding of CSR new concepts in Namibia, such as green marketing, its practice, implementation and the 3r's (Reduce, Recycle, Reuse). In addition, there is a need to understand how employees perceive the value that the company can derive from participating in active and visible community involvement. Fenn (2013) contends that in a corporate context, organisations must be able to recognise the value of giving back to the community within which they do business.

There are a number of banks operating in Namibia namely; Nedbank, Standard Bank, Bank Windhoek and First National Bank of Namibia. CSR decisions are generally made by individuals and teams within these organisations and understanding their views and perceptions will assist in contextualising CSR in a strategic way. For example, FNB participates in community projects through donations and sponsorship of events (FNB Namibia, 2008), and it is critical to understand what the perceived value is from such engagements so that other managers are alerted to the importance and value of CSR.

Understanding employee perceptions and the varied views of organisational managers will enable us to contextualise the issues relating to CSR and better harness the capacity these organisations may display in community participation. This research will investigate how employees in the Namibian banking industry perceive the role of Corporate Social Responsibility, its importance within the company strategy and what value is expected to be derived from active participation in CSR.

1.3 RESEARCH QUESTIONS

This study addresses the following research questions:

- How do Namibian employees perceive and understand CSR?
- What are the employees' perceptions and knowledge of the role of CSR and commitment to community welfare and development?
- How do the employees in the Namibian banking industry perceive the value derived from participating in CSR activities?
- To examine and compare employees perceptions?

1.4 SIGNIFICANCE OF THE STUDY

This study will address the issues relating to CSR and significantly contribute towards understanding the awareness and perceptions relating to CSR within the Namibian context. Organisations are made up of people and it is important to understand how they perceive their organisation's role within the community. It is important to get an appreciation of the organisational culture of community engagement and the perception of people within these organisations.

The results of this research will enable the creation of a framework for marketing the idea and concept of CSR to many organisations within the Namibian economy. Banks have been one of the more active participants in CSR activities over recent years and by studying the knowledge, understanding and perceptions of employees and managers, we can begin to appreciate the contributions of CSR as a strategic component of community relations and engagement. The study will inform decision makers and managers as to the levels of CSR perceptions and understanding within the Namibian industry. In return, knowledge about the level of CSR management, awareness, and perceptions will help the Namibian banking industry in contextualising CSR in a strategic way.

1.7 LIMITATIONS OF THE STUDY

The study was restricted to Windhoek, where the main bank branches are located. Due to time and financial constraints the study was limited to the four main commercial banks namely; Nedbank, Bank Windhoek, Standard Bank and First National Bank of Namibia. It is anticipated that by studying the financial sector and its perceptions relating to CSR, some insight can be gained for wider application.

CHAPTER 2

2. LITERATURE REVIEW

2.1 Definitions of CSR

Secchi (2007) defined his own definition of CSR, which is about how companies manage the business processes to produce an overall positive impact on society. Secchi (2007) further argued that outside stakeholders are taking an increasing interest in the activities of the company. The good and bad that the company has done in terms of its products and services, has an impact on the environment and on local communities and how it treats and develops its workforce.

Holme and Watts (2014) define Corporate Social Responsibility as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large. They further provide some evidence of the different perceptions of what this should mean from a number of different societies across the world. They compared the United States of America and European definitions of CSR, where in the United States of America companies make profits unhindered, except by fulfilling their duty to pay taxes. They further argued that traditionally in the United States, CSR has been defined much more in terms of philanthropic activities whereby companies donate a certain share of the profits to charitable causes and it is seen as tainting the act for the company to receive any benefit from giving. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons (Holme and Watts, 2014).

As from their arguments, they both agree that the definition now focuses on the impact of how you manage your core business. Secchi (2007) goes further than others in prescribing how far companies should go beyond managing their own impact into the terrain of acting specifically outside of that focus, to make a contribution to the achievement of broader societal goals. It is a key difference because many business leaders feel that their companies are ill equipped to pursue broader societal goals while activists argue that companies have no democratic legitimacy to take such roles.

2.2 Small Medium Business and CSR

In a study by Fenn (2013), it is indicated that even the smallest of organisations benefit when putting Corporate Social Responsibility at the heart of their business. Fenn (2013) states that profit may be the end goal of any business but responsible businesses have managed to attract more investors, reduce their risks and address stakeholder concerns. Fenn (2013) argues that CSR is not about giving money to charity, or just asking people not to print emails for the sake of Mother Earth. Fenn (2013) further argues that first and foremost, businesses exist to make profit, and this is not meant to change as a goal, the reality is that no organization operates in isolation; there is interaction with employees, customers, suppliers and stakeholders, therefore CSR is about managing these relationships to produce an overall positive impact on society, whilst making money. Fenn (2013) questions how a firm can implement CSR in a strategic way and deliver wider societal benefits.

According to Mielch (2013) small and medium-sized business owners have a number of reasons for starting a business as per the research findings of a research which was conducted to understand SME executive perceptions and understandings of CSR. As per the study findings most SME companies have a business-with-a-purpose mind-set and most of the

surveyed executives stated that making a difference in the community is the top reason they have started their business. Mielch (2013) found out that 66 percent of SME business owners say that they are seeking to establish or improve their corporate social responsibility (CSR) efforts at their business and in the community.

According to the study by Mielch (2013), it was found out that business owners have a number of reasons for wanting to improve community engagement and increase volunteerism. Business executives in the study revealed that they feel improving corporate social responsibility can help to increase business performance, drive employee participation and improve most SME companies' brand reputation. The study further revealed that most business owners surveyed indicated that they are most likely to focus their efforts on helping the community, starting with education and sixty percent of SME business owners said that they would focus their corporate social responsibility efforts on helping to educate young members of the community.

Additionally the study by Mielch (2013) revealed that because of those benefits, business leaders are on board with community engagement efforts and that fifty percent of SME corporate social responsibility efforts are being led by executive leadership teams. Lastly, the study, which was based on the responses of 173 business executives from companies with between a 100 and 5,000 employees, found that business owners do not tie success of engagement efforts to finances. Just 20 percent of executives measure the success of those efforts by the financial impact concluded the report. Mielch (2013)

2.3 Namibian banks' CSR initiatives and programmes

According to the bank report (Bank of Namibia, 2013) the Bank of Namibia recognises its social obligations towards community development and it is committed to a broader sustainable social and economic development. The bank's corporate social investment

primarily focuses on education and skills development in key areas critical to Namibia's development. The report further indicates that the following key projects represent some of the specific social investment programmes. For example, a total amount of N\$1 million was provided for the Bank's Computer project over a five year period. After the first phase was completed, two more beneficiary schools were identified for the Bank's Computer project for another five years (2011 – 2016) namely; Hans Daniel Namuhuya Secondary School (Oshikoto region) and P K De Villiers Secondary school (Karas region). These schools benefit from the Bank's Computer laboratory project and currently enjoy the benefits of modern information and communication technology in the country.

According to the (FNB Namibia's (2008) report, FNB Namibia through the FNB Namibia Foundation, directs one percent of annual post-tax profits of the Group towards non-profit community programmes under specific areas of focus. The Foundation is sensitive to the requests for financial assistance and strives to fund projects from virtually all regions of Namibia. The Trustees committed funds to a number of smaller projects, although more substantial projects also benefited with particular projects receiving a three-year undertaking for ongoing support. This stretched the capacity of the budget of the Foundation significantly for the year under review and even more so for the year ahead. The disbursement of funds by the Foundation is an indicator of the successes of the Foundation, fulfilling its mandate to support non-profit organisations working towards the development, empowerment and social progress of the broader Namibia.

It can be argued from the above FNB report that the bank clearly understands CSR from charity or philanthropic activities and for the bank it's just about donating and financing and they clearly misunderstand the latest definition and application of CSR, which according to

Holme and Watts(2002) should be about capacity building for sustainable livelihoods and the green economy.

2.4 New definition and applications of CSR

According to Flores-Araoz (n.d) , the days when the government was seen as the exclusive social change agent and the absolute macro problem solver are becoming part of the past, as companies are gradually taking a larger role, actively participating in social and community projects under the concept of Corporate Social Responsibility (CSR). Flores-Araoz (n.d) further states that CSR refers to the generally voluntary involvement, or investment of companies in social projects that help advance the community in which they operate in areas such as health care, housing, education, safety, and the environment, among others. Flores-Araoz (n.d) stresses that in South Africa, CSR is not only a frequent topic for conversation and debate, but also a tangible effort by many companies. Flores-Araoz (n.d) further found out that not all CSR efforts in South Africa result from voluntary or indirect business decisions; some of them are the product of corporate compliance with the Black Economic Empowerment (BEE) legislation. Porter and Kramer (2011) indicate that addressing societal concerns like energy and water usage, the protection of the environment and employee safety, among others could increase the levels of company productivity, with the subsequent positive effects in profitability and share value. Earlier we saw how FNB Namibia focuses its CSR on philanthropic activities, while in the R.S.A, CSR is extended to many other issues like energy, BEE etc, and therefore this supports the present argument fully that in Namibia, CSR is misunderstood and wrongly applied.

Flores-Araoz (n.d) states that South Africa's corporate governance guidelines and standards are contained and institutionalized in the well-known King reports. Although they do not constitute official legal documents; they are regarded as state-of-the-art guidelines regarding

good corporate governance and its adoption, which is highly popular and recommended in the country’s business spheres. While in Namibia CSR is not regulated or enforced and no guidelines are available and this has left a vacuum in terms of applications and interpretations of CSR by different companies operating in Namibia.

2.2 CORPORATE IRRESPONSIBILITY AND CORPORATE SOCIAL RESPONSIBILITY: COMPETING REALITIES

2.2.1 The CSI-CSR dichotomous model

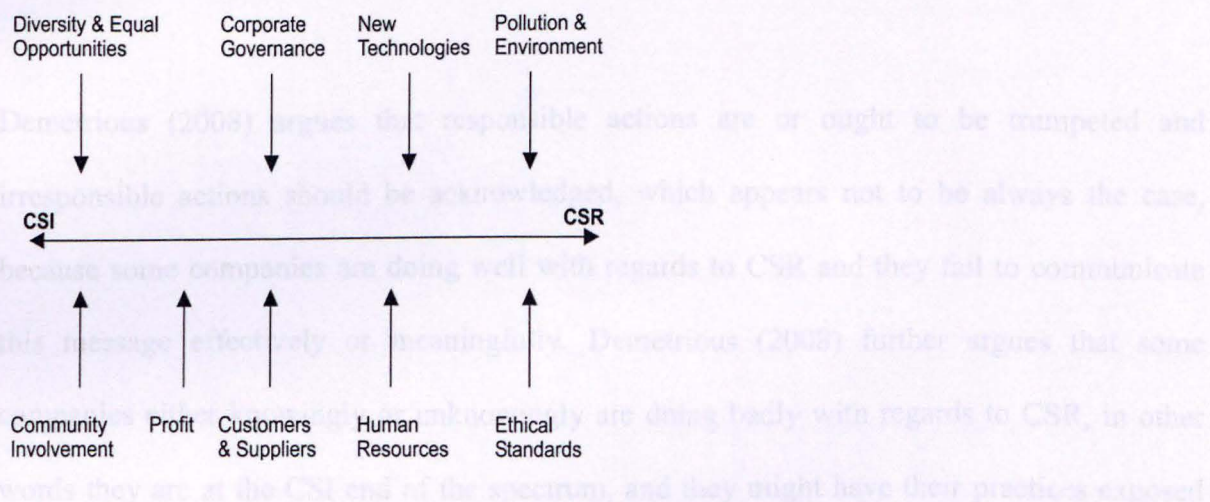


Figure 1: (Social Responsibility Journal, Demetrious, 2009)

According to Bowd, Jones and Tench (2009), there is a difference between corporate social irresponsibility (CSI) and corporate social responsibility (CSR) and they contest that the dualistic (or CSI-CSR bi-polar) model allows for greater clarity and understanding of the concepts that constitute and define these terms. CSI is a term better suited to describing the workings of the “old” shareholder business model (Friedman, 1962) and CSR is more applicable to the workings of the new and emerging stakeholder business model (Freeman, 1984). The CSI-CSR model allows for the discussion and positioning of issues around CSR. Communication about issues of social responsibility (Demetrious, 2008) varies according to whether it is irresponsible or responsible corporate action being reported and a range of

internal and external variables (see Figure 1), for example new technology, impact on businesses, what they do and how they perform and such issues or variables may contain differing degrees of responsible and irresponsible actions and activities. Demetrious (2008) further states that on one issue a corporation might have exemplary behaviour but on another it may perform poorly and need corrective actions. For example, a business may have good policies, practices and procedures with regards to issues of diversity and equal opportunities but may be weak in terms of its commitment to addressing pollution and environmental concerns. The ways in which CSI and CSR issues are communicated may thus differ.

Demetrious (2008) argues that responsible actions are or ought to be trumpeted and irresponsible actions should be acknowledged, which appears not to be always the case, because some companies are doing well with regards to CSR and they fail to communicate this message effectively or meaningfully. Demetrious (2008) further argues that some companies either knowingly or unknowingly are doing badly with regards to CSR, in other words they are at the CSI end of the spectrum, and they might have their practices exposed and therefore might be in need of a communication strategy to deal with such an event.

According to Bowd, Jones and Tench (2009) CSR can mean different things to different people and therefore this supports the arguments on why in Namibia CSR is misunderstood or misinterpreted. (Bowd et al., 2009) suggested that a clear definition of the term should be provided for policy makers, practitioners, activists, businesses and the community, because this issue has already been indicated to in terms of the existing surplus of definitions in existence and it is unlikely that one unifying definition will be agreed upon, given the competing agendas of different stakeholders.

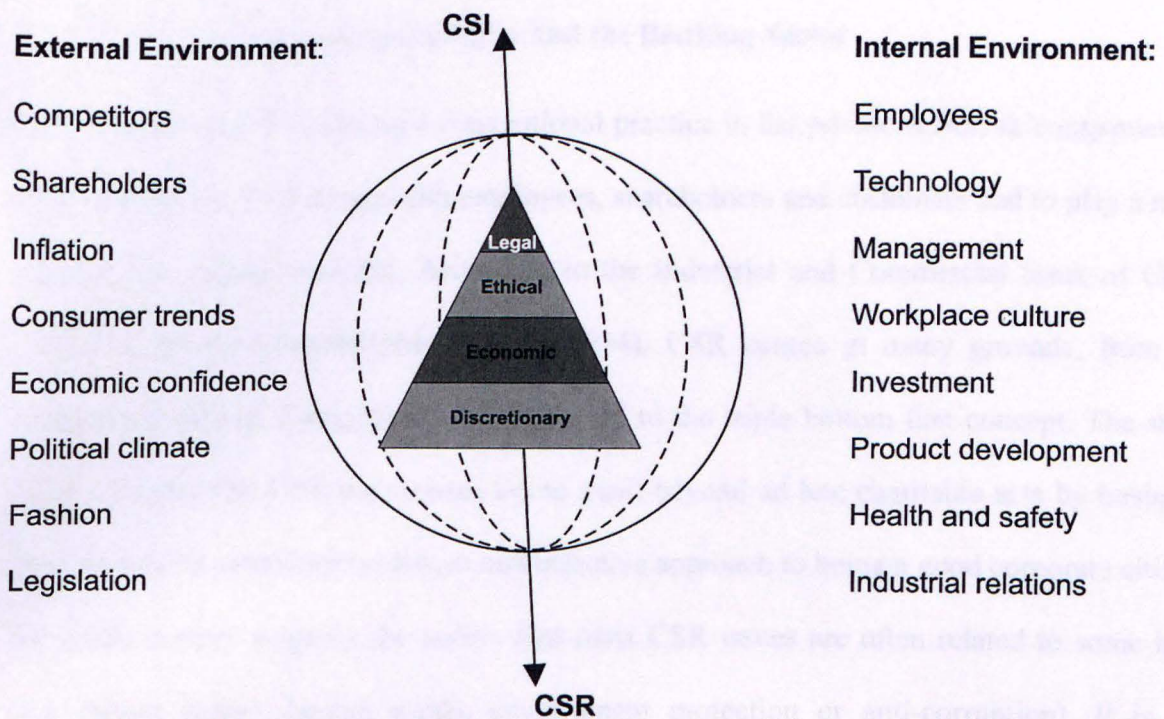


Figure 2: (Social Responsibility Journal, Demetrious, 2009)

(Bowd et al., 2009) believe that it is contested that traditionally CSR has been confused and equated with CSI, and for many, CSR is understood as, or defined in relation to, CSI. For example, discussions of social responsibility issues often occur when things are perceived as having “gone wrong”, such as the recent Bear Stearns and Northern Rock crises. It is therefore necessary at the level of policy and practice and important at a conceptual level to separate and define the terms. (Bowd et al., 2009) further argue that CSI can be defined in relation to the issues that encompass it and it should be about being reactive as opposed to proactive in addressing corporate issues and the ways and means by which they relate to a wider society. (Bowd et al., 2009) further argue that international companies such as Conrad Black, Robert Maxwell, and Ernest Saunders may entail breaking the law, which constitutes CSI and may have disastrous social, economic and business consequences as opposed to CSR (Bowd et al., 2009).

2.2.2 Corporate Social Responsibility and the Banking Sector

CSR is increasingly becoming a conventional practice in the private sector, as companies are seeking to polish their image with employees, shareholders and customers and to play a more positive role within societies. According to the Industrial and Commercial Bank of China Corporate Social Responsibility Report (2014), CSR comes in many grounds, from the business attitude of doing good by doing good to the triple bottom line concept. The study further reveals that CSR emphasises doing good beyond ad hoc charitable acts by business, towards a more considered coherent and effective approach to being a good corporate citizen. The study further supports the notion that most CSR issues are often related to some laws (e.g. labour safety, human rights, environment protection or anti-corruption). It is not mandated by regulation, but rather is a wholly voluntary exercise by the respective firms, typically driven by motives, including reduced risk in business operations, increased employee attraction and retention as well as ethical beliefs. The ICBC Corporate Social Responsibility Report (2014) study argued that the concept of CSR should go beyond the law by doing better than what is required.

The study defined CSR as per 3Ps or Triple Bottom Line (TBL) approach, which focusses on the need to balance three goals, namely:

1. The traditional business bottom line of generating profits for the company and its shareholders.
2. The social bottom line of ensuring that the wider community of people are not adversely impacted by the company activities in some way, and ideally benefit.
3. The environment bottom line of looking after the planet by ensuring that the company activities do not harm the environment, whether that is in terms of greenhouse emissions or biodiversity issues etc.

2.3 BANK WINDHOEK'S CORPORATE SOCIAL INVESTMENT AND SPONSORSHIPS REPORT 2013

The Bank Windhoek Corporate Social Investment, (2013) report states that Bank Windhoek is committed to being a responsible corporate citizen and continues to contribute, through its Social Investments Fund and portfolio of sponsorship, towards the socio-economic development of the country by investing in a range of social and community based projects. The report further states that Bank Windhoek's Corporate Social Investments fund contributed N\$6 million to the Namibian community during the financial year of 2013. Over the years Bank Windhoek has moved away from the ad hoc funding of projects to a more strategic approach through the formulation of working partnerships with beneficiaries. Bank Windhoek believes that in order to create meaningful partnerships, it needs to work together with each beneficiary project, to ensure the successful sustainability of the projects. Bank Windhoek Corporate Social Investment (2013) also encourages the creation of synergies and collaboration amongst its beneficiaries so that the projects themselves can learn to work together to avoid duplication. This also ensures that there is a wider reach of the targeted beneficiaries, whilst creating efficiencies with available resources (Bank Windhoek Corporate Social Investment, 2013). The Bank Windhoek Social Investment Fund (SIF) focuses on three (3) main areas, namely Education, Entrepreneurship/Job Creation, and Health. The Bank Windhoek Sponsorship and Donation portfolio covers a broad range of sectors including sports, welfare, education, agriculture and, arts and culture, through embodying the Bank's philosophy of a balanced approach in supporting events or projects.

2.3.1. Bank Windhoek is also an active supporter of the Namibian Financial Literacy Initiative

The Bank Windhoek Corporate Social Investment, (2013) report states that Bank Windhoek contribute to the Namibian Financial Literacy Initiative (FLI), which was launched by the then Minister of Finance, Hon Saara Kuugongelwa-Amadhila, in 2012. The report further states that Bank Windhoek supports the principles of FLI with the aim of improving financial literacy in Namibia, which will enable consumers to make more informed decisions on their finances.

2.3.2. Bank Windhoek/MMCT Spring School

Bank Windhoek partnered with the Michelle McLean Children's Trust in hosting the Spring School, which aims to contribute to the preparation of Grade 10 and 12 learners for their final examinations. Subjects being offered at the Spring School include; Mathematics, Physical Science, Biology and English (Second Language). The Bank Windhoek Social Investment Fund supported the Spring School with N\$50 000. In the period under review, 26 schools from 11 regions registered for the Bank Windhoek / MMCT Spring School with 175 learners in attendance.

2.3.3. The Namibia Mathematics Institute

During the reporting period, the Namibia Mathematics Institute (NMI) has trained 65 secondary school teachers and 40 Grade 7 Mathematics teachers in the Caprivi region. The workshops were aimed at providing in-service training for Mathematics teachers and will be further expanded to the Karas and Hardap regions. The Institute also incorporated Mathematics games, such as the 'Bank Windhoek Integer Game', which helps to make mathematics interesting and fun for young children in order for them to understand mathematical concepts, especially in their foundation years. This is the eighth consecutive

year that Bank Windhoek has partnered with NMI. Bank Windhoek remains committed to strengthening Mathematics Education at schools and has therefore supported NMI with N\$191 550.00.

2.3.4. Agricultural Training Centre Krumhuk

The Agricultural Training Centre Krumhuk is a residential training institution that was established in 2009 and provides training in the areas of Sustainable Agriculture and Farm Household Management to young Namibians who have completed Grade 10. Students are exposed to the marketing side of farming through the supply of surplus produce to restaurants in Windhoek and farmers' markets. The training centre is situated on a small farm, thus combining both theory and the practical applications of agriculture. The farm provides the training ground for small-scale farmers, while the two associated commercial farms, Farm Krumhuk and Farm Eichenbach, provide the practical training for commercially-orientated farming. The Bank Windhoek Social Investment Fund's support of N\$220 000 to the centre is part of the bank's commitment to sustainable training and job creation.(Bank Windhoek Corporate Social Investment, 2013).

2.3.5. Kayec Trust

The Bank Windhoek Corporate Social Investment, (2013) report that the Vocational Education and Training graduates of the KAYEC Trust received toolkits to the value of N\$80 000 from Bank Windhoek. This was the tenth year that Bank Windhoek has donated toolkits to KAYEC graduates in Ondangwa and Windhoek. The KAYEC Trust is a vocational training centre that was established to assist learners who, for various reasons, could not complete their school careers, to access vocational education and training. The centre offers several trade courses such as Bricklaying and Plastering, Plumbing and Fitting, Carpentry and Joinery, amongst others.

2.3.6. Women at Work Training Centre

According to The Bank Windhoek Corporate Social Investment report (2013) Bank Windhoek is committed to alleviating unemployment and poverty which affects many Namibians. The report states that, it is the Bank's philosophy to support entrepreneurial education and training as a solution to these challenges and it has therefore donated N\$250 000 to the training and skills development of women at the Women at Work Training Centre.

The Bank Windhoek Corporate Social Investment report (2013) further states that the Women at Work is a training centre that aims to combat unemployment amongst Namibian women by equipping them with skills in Home Management, Needlework, Cooking, Workplace Development, Cleaning and Hospitality. During this reporting period, the funds were used to upscale current courses as well as to introduce new courses such as Child Minding and Entrepreneurship, and they were used to train 170 women in Home Management and other courses. Besides the training, Women at Work also place the trained students into the work force, by finding formal employment for them.

Again it is evidently clear from Bank Windhoek's perceptions of CSR as stated above as merely just donating and distributing funds, which is against the latest meaning and definition of CSR and therefore it is evident that CSR is misunderstood and misinterpreted in Namibia and lacks the latest definition as stated by Holme and Watts (2002) which should be about capacity building for sustainable livelihoods and the green economy.

2.4 CORPORATE SOCIAL RESPONSIBILITY: A STRATEGIC ISSUE OR A WASTEFUL DISTRACTION.

In a study by Holme (2010), Holme question whether corporate social responsibility (CSR) is simply a loss to an organisation or whether it is a strategic issue for business leaders. Holme (2010) further questioned whether CRS is only a corporate organisational window dressing and public relations, or whether it can be used as a tool for business development by the small or big organisations.

Holme (2010) defines CRS as treating the stakeholders of the firm ethically or in a responsible manner. Some investigations have shown that the ethical treatment of employees was found to be the most important aspect of an organisation' CRS (Brammer et al., 2006). Research among Human Resource specialists has shown little understanding of CSR (Fenwrek & Bierema, 2008), and the benefits of CSR in commercial businesses, according to Brooks (2009). Negative examples are not reported in companies' publicity and research, and that shows that the adage the "heaviest polluters are the heaviest reporters" only serves to confirm the suspicion that the whole story is not being told (Brooks, 2009).

Pfizen, Baker and Penkins (2008) report an example of involving their workforce in voluntary activities in their local community and state that the benefits to the charities are assumed although demand in the community for volunteers is high. The benefits according to them are clear in terms of employee motivation and improvement, and the development of a vibrant community to attract and retain world-class scientists.

In an article about changes in the director's activities and responsibilities, the author notes some important trends for strategic leaders (Clarke, 2007) and provides evidence that corporate responsibilities are taken increasingly seriously by businesses and they have

become central issues for directors and strategists to consider. This is reflected in how the substance of corporate reports is changing from purely environmental to sustainability reporting - social, environment and economic. A KPMG report shows that 35 percent of their sample published corporate responsibility reports in 1999, rising to 52 percent in 2005. The same survey identified the drivers for CSR reporting:

KPMG drivers of CSR reporting

Economic considerations	74%
Ethical considerations	53%
Innovation and learning	53%
Employee motivation	47
Risk management and risk reduction	47%
Access to capital or increased shareholder value	39%

Table 2.4

Porter and Kramer (2006) maintained that the successful organisations need a successful society where for example, there is an educated workforce, safe products, sustainable resources and the rule of law. They further argued that a wealthy community needs successful organisations to generate the wealth, create jobs, improve standards of living, and pay taxes and therefore successful organisations need to be competitive.

2.5 CORPORATE SOCIAL RESPONSIBILITY IN THE NIGERIAN BANKING SYSTEM

2.5.1 The concepts of CSR in the banking industry

The stakeholder's social contract theory maintains that companies have a social responsibility to all stakeholders for allowing their existence, based on the social contract (O'Brein, 1996). O'Brein (1996) argues that this requires companies to improve their economic satisfaction of consumers and employees without impairing the environment, depleting natural resources, nor subjecting their employees to dehumanising working conditions and such immoralities systematically worsen the position of some stakeholders. CSR demand arises out of the social impacts of business organisations, and because of society itself in terms of the erosion of ethical values (Osaze, 1983). Broadly defined, CSR is an economically and environmentally sustainable manner while recognising the interests of all its stakeholders (Carrol, 1991). It has been shown that the success of CSR in any organisation is dependent on its corporate social orientation and values, and largely on its ethical orientation (Logsdon & Yathas, 1997).

In spite of the centrality of CSR to the corporate survival, the controversy of how much resources a corporate organisation should commit to social causes tends to deepen. In practice, however, social responsibility marginally contributes to profits and companies practising CSR are more profitable than those that are not contributing to it (Umoh, 1983). Therefore, social responsibility is a by-product of profitability. Resources have demonstrated that firms that anchor their performance on CSR are the most profitable over time (Harrison & Freeman, 1999). Thus, CSR is about the organisation saving towards profit maximisation while still obeying the laws, being ethical, and being a socially responsible and responsive corporate citizen. However, profitability is not the only benefit associated with CSR.

According to Hodason (2005), the critical benefits of converted commitment to CSR, is that it helps with building a strong reputation and improve corporation brand recognition, being exemplified as responsible by stakeholders, sustainable product brand loyalty and improved government and community relations. Nwankwo (1991, p. 26), states that CSR is generic to all organisations. However, banking organisations seem to be the most sensitive to the impact of CSR. This is because an outstanding feature of the banking industry is that it is subject to a more diverse and complex publics than most other sections of the economy. A bank has a corporate social obligation to satisfy all these complex publics as the bank undertakes to maximise profit for shareholders who contributed funds to set it up and it must maintain optimal liquidity to meet depositors' demand. It is also obliged to satisfy the legitimate deficit sector demand for credits. The bank must comply with regulators' requirements to continue in business. Above all for the bank to be seen as a good corporate citizen, it has to contribute to the maximum development of the economy as well as satisfy its immediate community (Nwankwo, 1991, p. 26).

The study by Olajide (2005) concluded that CSR in the Nigerian banking system includes corporate activities such as cash donations to charities, secondments, sponsorships, job creation programmes, protecting the environment and the likes. Olajide (2005) further states that banks in Nigeria could be said to be in the forefront of CSR as attested to by the many life-changing initiatives such as endowments of professional chairs in Nigerian universities, sponsorship of indigent students, promotion of sports, and building of computer centres in various universities (Olajide, 2005) .

A study carried out jointly by the Chartered Institute of Bankers of Nigeria revealed that 47 banks across the country expended a total sum of N\$1.44 billion on 20 CSR projects between the years 2000 and 2002. A break down gives a growth rate of over 209 percent (Business

Times, 2005). According to Marimo (2006), the United Bank for Africa Plc has even established a foundation for CSR projects and in line with the competitive trend, this is expected to be on the increase. Marimo (2006), further state that despite significant studies in CSR, there are practical instances of social problems in the sector and that some are being self-induced while others are extremely afflicted. Lastly Marimo (2006), further states that another daunting challenges confronting the discharge of CSR by Nigerian banks is the endemic corruption in the society. The international community has acknowledged Nigeria as one of the most corrupt nations through the findings of Transparency International (Wendt, 2004). The corruption scourge transcends virtually all the fabrics of the society. Wendt (2004), further state that Nigerian banks operate in this corruption ridden environment and can therefore hardly live above or out of corruption, therefore one of the consequences is that the international community is very reluctant in accepting credit cards issued by Nigerian banks just as some Nigerians are reluctant to accept cheques.

2.6 NEDBANK NAMIBIA'S CORPORATE SOCIAL SUSTAINABILITY

Nedbank South Africa (2014), reports that Nedbank Namibia was once again very active in supporting a wide variety of corporate social investment initiatives throughout 2009. The report summarises Nedbank Namibia's Corporate Social Sustainability as follows:

- (1) Cycling has been Nedbank Namibia's strongest sporting affinity for many years, and 2009 saw the 24th running of the annual Nedbank Cycle Challenge and the first edition of the African Road Cycling Championships, facilitated through Nedbank Namibia's sponsorship of N\$200 000.
- (2) The Namibia Junior Golf Foundation (NJGF), which also enjoys the support of Nedbank Namibia, continues to receive accolades as one of the best-administered sporting associations

and Namibia's young golfers are shaping up to hold their own amongst the top junior golfers on the continent.

(3) Women's football in Namibia is another development area supported by Nedbank Namibia and in recent years it has become increasingly competitive in the Southern African Development Community fraternity, with six of the country's regions (out of 13 in total) boasting active teams.

Following the successful completion of the SME Training and Development Programme offered by the Polytechnic of Namibia in Windhoek in 2008 (at a cost of N\$350 000 over three years), Nedbank Namibia has pledged an additional N\$275 000 over the next two years to offer similar programmes in the north (Caprivi/Zambezi Region) and south (Karas Region) of the country. The programme has seen more than 120 SME business operators trained in a variety of disciplines, including basic bookkeeping and marketing techniques.

(4) In support of the development of entrepreneurial skills in the country, Nedbank Namibia has joined forces with the City of Windhoek for the second consecutive year to host the Youth Entrepreneurship Development Programme at the Windhoek SME Incubation Centre. Apart from helping to train participants in photography and jewellery manufacturing, Nedbank Namibia's sponsorship of N\$85 000 also went towards the establishment of a jewellery production studio at the centre.

(5) The ZERI Mushroom Project has been launched in conjunction with the University of Namibia and the United Nations Development Programme. An amount of N\$90 000 was disbursed this year for the establishment of a mushroom production house at Katima Mulilo in the Caprivi Region, which will also serve the Kavango Region. The funds were also used to train community members on the intricacies of producing mushrooms on a sustainable basis. Nedbank Namibia, Old Mutual Namibia and Mutual & Federal supported Women's

Action for Development to host Field Days for marginalised women in five regions. The Field Days served to equip women with basic vocational and business skills.

(6) The theme for this year's Namibian Women Summit, held in Windhoek, was 'Knowledge is Power, let's share it!' The celebration of an entrepreneurial spirit is always a worthy cause and again Nedbank Namibia and Old Mutual Namibia provided a joint sponsorship of N\$30 000 to the organisers of the event (Nedbank South Africa, 2014).

As clearly pointed out by Nedbank Namibia, it is once again categorically clear that the bank is merely concerned with funding and sponsorship as its key strategic CSR issues, whilst CSR goes beyond this, and therefore this is in support of the lieu argument that CSR is misunderstood by the Namibian Banking industry in Namibia as stated by Holme and Watts (2002) which should be about capacity building for sustainable livelihoods and the green economy.

2.7 STANDARD BANK NAMIBIA, A GOOD CORPORATE CITIZEN

According to Xamises (2011), the year 2010 saw Standard Bank Namibia (SBN) successfully manage its Corporate Social Investment (CSI) initiatives aimed at achieving and sustaining a positive social development of communities around the country. Therefore through various community interventions, the effective community re-investment reinforced the bank's values and helped achieve its business objectives. The CSI expenditure is funded by the annual allocation of not less than one percent of prior year after-tax income from the bank's Namibian operations and of this allocation, one percent is specifically committed to programmes in terms of the bank's charter and excludes sponsorships and employee involvement initiatives (Xamises, 2011). The strategic focus of SBN's CSI program was mainly on education, entrepreneurship development, health and wellness. According to Xamises (2011) Standard Bank Namibia committed N\$3.5 million to corporate social

investment programs in the year 2010, something which established solid and valuable relationships with the communities, organizations and institutions within Namibia. She further states that there is a strong business case for CSI in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits. The bank committed to various CSI and Corporate Social Responsibility (CSR) initiatives and is proud of the on-going dedication towards a wide range of projects that paved way for a more fruitful 2011. Xamises (2011) noted that Standard Bank Namibia realizes the importance of equipping the youth with entrepreneurial skills by enhancing their financial literacy skills and for four consecutive years, SBN organised Entrepreneurship Seminars to train the youth and improve their financial literacy skills. The Youth Entrepreneurship Seminars were conducted while financial literacy workshops for the previously disadvantaged schools were held throughout the country. The seminars exposed young people with experiential entrepreneurship and financial management skills. Xamises (2011) revealed that the bank's total expenditure on this initiative that year amounted to N\$ 150 000.00 and investment in academic excellence education continues to play a pivotal role in the society and SBN is proud to be part of such a worthy cause for the third consecutive year.

Despite Standard Bank and other banks being aware of and understanding the benefits of CSR, they only focus on the traditional CSR and do not include the latest CSR issues like Green CSR programmes etc. Indeed, it could be argued that there is a misunderstanding or a lack of knowledge of latest CSR trends in the Namibian Banking Industry as clearly stated by Holme and Watts (2002) which should be about capacity building for sustainable livelihoods and the green economy.

2.8 BUILDING CORPORATE SOCIAL RESPONSIBILITY INTO STRATEGY?

For decades, corporate social responsibility (CSR) has been a subject of intense debate among scholars and practitioners (Carroll and Shabana 1999). Discussions have generally focused on the role of business in society and the nature of a firm's social responsibilities. More recent treatments have progressed towards theory development as well as empirical tests of the relationship between CSR and firm performance (Orlitzky et al., 2003; Aguilera et al., 2007). However, at the practical level, there appears to remain much confusion with respect to how to build or integrate CSR into the overall strategy of the firm. By way of example, while CEOs acknowledge that addressing societal expectations is an important consideration for competitive success, they appear to be struggling with just how to build CSR into corporate strategy (Hirschland, 2005). Indeed, recent reports reveal that almost six out of ten organizations have no strategy for CSR, while many companies are unclear as to how to adequately anticipate which social issues will affect their overall strategy (McKinsey & Company, 2006). Where efforts are made with respect to CSR strategies, typical approaches appear to be weak in that they fail to capture the fundamental purposes of strategy. Typical approaches to CSR include developing corporate codes of ethics, preparing triple bottom line reports and launching public relations campaigns that highlight a given socially responsible "act" (Vyakarnam, 1992; Weaver et al., 1999). According to the worldwide director of a management consulting firm McKinsey and Company, Ian Davis, such approaches are too limited, too defensive and are too disconnected from strategy (Davis, 2005). With respect to the triple bottom line reporting, efforts are focused mainly on information transparency rather than on corporate strategy (Vyakarnam, 1992; Weaver et al., 1999). Lastly, public relations campaigns that contain CSR content have been labelled as a non-strategic corporate "window dressing" exercise (Weaver et al., 1999). How then, might

CSR be built into strategy and how might this lead to a better performing, more competitive and responsible firm?

Strategy serves as a foundation for a business firm's creation, while establishing its position in the market, its competitiveness and its on-going existence and to achieve these aspects, planning and programming is required in order to craft or formulate and renew/change strategy as conditions warrant (Andrews, 1971; Steiner, 1979; Mintzberg, 1987). That is, the interest is in how CSR might be more fully integrated into the strategy of the firm, not in what steps a firm should take to formulate strategy. In this sense, the following discussion is not sequential but rather examines the constituent components of strategy and how CSR might be built into each component. Carlisle & Faulkner (2004) cited that following such an approach would be expected to lead to a tighter integration of CSR with strategy, and they further argued that the purpose is not to suggest the correct path to take or process to follow but in fact, integrating CSR more fully with strategy is likely to be a promising pattern over time, rather than a time-bound, easily prescribed path.

2.8.1 Firm mission

The firm's mission is a "declaration of an organization's fundamental purpose: why it exists, how it sees itself, what it wishes to do, its beliefs and its long-term aspirations" (Bennett, 1996, p. 18) and therefore the mission is a statement of intent. Pearce & David (1987) argued that since the mission signals firm's intent to shareholders, investors, stakeholders and society, the aspects of the CSR-strategy relationship is very vital and should be given adequate attention. Since the writings of Marshall (1920), industry has been considered an appropriate level of aggregation for analysing the role of competition in market economies (Bloch & Finch, 2005). Beyond a Marshallian view, Porter (1980) identifies strategic groups and industry "clusters", which are also important, levels in the analysis of competition.

Industry, strategic groups and clusters are vital to mission development in that they give firms a baseline or starting point for identity (Peteraf & Shanelly, 1997). Furthermore, industry, strategic groups and clusters give context to the various considerations for competing such as capital requirements, fixed versus variable costs, degree of rivalry, advertising, scale economies, and location, among others (Bain, 1959; Porter, 1980, 1985). Similarly, although some social issues may be common (e.g. energy conservation, recycling) to nearly all firms, they can be very different given a separation of stakeholder, NGO and other social actor expectations impacting on a given industry (Logsdon & Wood, 2002). Thus, a firm with the mission of building the most fuel efficient cars in the world who is, at the same time, dedicating scarce company resources to explore how to solve teenage smoking because it is a social issue, reflects a disconnect between CSR and its mission, and a disconnect between a social issue and a strategic issue for that firm. According to Porter (1996), strategy is as much about what not to do, as it is what to do - it is descriptively wrong to suggest that a given firm should address all social issues (Sethi, 2003).

More specifically, CSR should be strategized in the context of what the firm is trying to achieve, which takes into consideration specific actor expectations, industry and other levels of competitive reference (e.g. strategic group). Such an approach is vital to building CSR into strategy in a way that reflects its actual business importance to the firm's mission (Burke & Logston, 1996). By way of example, some firms signal that CSR is a fundamental purpose - mission - of their existence. As part of its mission, The Body Shop makes cosmetics that do not hurt animals. Here, The Body Shop has addressed a social issue animal cruelty through the very core of their business: developing the highest quality, innovative, effective and safe cosmetic products. Ben & Jerry's Homemade Ice Cream, on the other hand, has a three-part mission: product, economic and social. Ben & Jerry's mission can be further expressed

through the following description, Capitalism and the wealth it produces do not create opportunity for everyone equally and they recognize that the gap between the rich and the poor is wider than at any time since the 1920s. Ben & Jerry's Homemade Ice Cream strive to create economic opportunities for those who have been denied them and to advance new models of economic justice that are sustainable and replicable.

According to (Burke & Logston, 1996) by definition, the manufacturing of products creates waste and therefore Ben & Jerry's Homemade Ice Cream strive to minimize the negative impact on the environment. They further states that the growing of food is overly reliant on the use of toxic chemicals and other methods that are unsustainable and therefore they support sustainable and safe methods of food production that reduce environmental degradation, maintain the productivity of the land over time, and support the economic viability of family farms and rural communities. As per (Burke & Logston, 1996), they seek and support non-violent ways to achieve peace and justice and therefore they believe government resources should be used more productively in meeting human needs than in building and maintaining weapon systems. (Ben & Jerry's, CSR is its mission) further strive to show a deep respect for human beings inside and outside their company and for the communities in which they live clearly, however, finding the right balance between mission and the level of CSR is not always easy. An imbalance can lead to a firm being spread too thinly between its economic charter and other social responsibilities, thus raising concerns about long-term viability, given finite resources (Pearce & Doh, 2005).

2.8.2 Strategic issues

Building CSR is the fundamental purpose of the firm and its mission – it does not necessarily happen without proper reflection and understanding of the environment (and the personal

values and convictions of a firm's top leaders). Understanding the environment and its implications for the firm rests within the domain of strategy.

Andrews (1971) and Ansoff (1980) posit that issues that firms must address consist of those that are both internal and external. However, while there are many issues to consider, not all are strategic. Ansoff (1980) argues that for an issue to be strategic, it must be a forthcoming development at a level of importance such that the issue can significantly impact on a firm's ability to meet its objectives. To identify issues of this type, research and analysis, using a variety of techniques, is the prescribed course of action (Andrews, 1971), (Porter, 1980). Given that the identification and understanding of strategic issues is primarily a research and analysis function of strategy, from a CSR perspective, the unit of analysis and techniques of analysis are particularly important to assess the impact of factors of a social nature. The unit of analysis are the social-related problems and issues. According to the definition of Mahon and Waddock (1992), social problems can objectively exist before they become social issues.

Kahaner and Swartz (1996) concurred that strategically and opportunistically, there are unmet social needs and social issues and further elaborated that unmet social needs are social problems that are developing in society but have not yet been officially defined or propagated to the level of an issue by social actors or stakeholders. Kahaner and Swartz (1996) on the other hand stated that social issues are "official" in the sense that they have reached, through various actor actions, the formal attention of governmental policy makers and corporate managers. Kahaner and Swartz (1996) further indicated that an analysis of these two socially-related factors is important to address their strategic significance and therefore in order to analyse and assess unmet social needs, a number of techniques are potentially useful. Media coverage and expert testimony, for example, are important mediums to monitor in that they

can disclose early signals of unmet social needs while scenario planning is a useful technique in that it enables firms to explore future scenarios that take into account shifts in consumer patterns, reactions of competitors and the possibility of litigation and regulation (Kahaner and Swartz, 1996).

Kahaner and Swartz (1996) for example cited the growing concern over obesity in the US, that it was evident in the media at least five years before the first warning by the US Surgeon General that obesity had become an epidemic (Lawrence, 2004). Furthermore, expert testimony, such as that of Harvard University's Walter Willett, explained that childhood obesity was in part linked to the marketing of junk food (Lawrence, 2004). Thus, the problem of obesity was shifting from individual responsibility to external, environmental factors including corporate marketing. In the case of obesity, many fast food restaurants, for example, have been caught off guard and some lawsuits encountered as a result, damaging reputations and costing significant resources (Burros, 2006). However, through techniques such as media monitoring, an analysis of expert testimony and scenario planning, the shift might have been anticipated much earlier and an unmet social need identified.

2.8.3 Markets

Kotler & Armstrong (2012), state that a market consists of the set of all actual and potential buyers of a product or service. However, according to Cahill (1997), for a firm to strategically address markets, they must address specific target markets. Kotler & Armstrong (2012) further defined a target market as a group of buyers for whom an offering should be appropriate and to whom the firm will direct the major part of its marketing time, resources and attention. Kotler and Armstrong (2012) advise that target marketing is about analysing and assessing each market segment's attractiveness and selecting one or more segments to focus on and this has ramifications for the CSR-strategy relationship. Assessing markets for

specific target opportunities can be a complex exercise, although in general, marketing theory suggests that in order to develop market segment profiles that can be assessed strategically, a variety of variables need to be explored including demographic, geographic, psychographic and behaviourist variables (Bearden et al., 2003; Kotler and Armstrong, 2005). Once these variables have been assessed, choices have to be made with respect to which segments to ultimately serve. Here, evaluation includes the market potential of each segment (i.e. growth of the segment), the firm's sales potential (i.e. market share), competitive assessment (i.e. nature of competition, competitive rivalry) and cost estimates/resource requirements (i.e. ability to achieve competitive advantage).

Kotler & Armstrong (2012) further indicated that despite the basic requirements that marketing theory prescribes for assessing, evaluating and choosing which target markets the firm will serve, one should however needs to consider an additional variable namely the social dynamics. As per Kotler & Armstrong (2012) social dynamics refer to the underlying expectations that a given market segment places on the role of business in society currently or possibly in the future (thus, "dynamic" is used to reflect the potential changing nature of societal expectations). They cited the example, in the food and beverage industry of consumer expectations for detailed nutrition facts on packaging that has risen in recent years, which has implications for how products are developed and marketed.

Kotler & Armstrong (2012) stated that in such demand across all food and beverage segments as well as in the apparel industry, more and more consumers are interested in where and how clothes are manufactured given the backlash against "sweat shop" practices, which has implications for manufacturing location, supply chain standards and employee policies.

According to Kotler & Armstrong (2012) firm's needs to do more in building CSR into their business strategies because the social dynamics variable becomes important in terms of understanding the current and emerging characteristics of target markets.

2.8.4 Customer needs

(Drucker, 1954; Slater, 1997) stated that some scholars have suggested that the sole purpose of any firm is to create value for the customer, although agency theory challenges such a purpose. According to (Khurana et al., 2005), creating value for customers is certainly a strategic function of any business and they further question how the firm create customer value and multiple answers have been given in the literature to answer the question. As per (Khurana et al., 2005) for us to understand how CSR fits within customer needs, we need to look at the market orientation and innovation studies.

Market orientation has been identified in the marketing and strategic management literature as important to firm strategy (Kohli & Jaworski, 1990). Market orientation, as a construct, grew out of the idea that firms who effectively implement the marketing concept will achieve better corporate performance than less market-orientated rivals (Kohli & Jaworski, 1990). Although variations exist, a general conception of market orientation includes a customer orientation dimension, a competitor orientation dimension and a market information sharing dimension and of particular interest is the customer orientation dimension. Customer orientation is defined as the actions designed to understand the current and latent needs of customers in the target markets served, so as to create superior value for them (Narver & Slater, 1990). Day (2009) explained that a variety of actions are prescribed in order to learn about the current and latent needs of customers and the wider forces that shape those needs.

Day (2009) further stated that socially-related forces are increasingly shaping markets and, by extension, the customer needs that are developing. The analysis of unmet social needs and social issues appears to be just as important to the understanding of customer needs as traditional factors, such as age, income, personality characteristics, usage rates, education, price sensitivity and the like. However as per Day (2009), understanding target customers and their current and latent needs is not the same as creating superior value for them and in order to create superior value, firms must construct offerings that appeal to customers and more attractive than competitors and that ultimately offer benefits that exceed the buyers' payment in a purchase. According to Slater (1997) such offerings are the result of innovation and firms can embrace unmet social needs and social issues as a real opportunity for innovation, rather than treating them as a threat, or take them lightly and as factors which they can ignore. Slater (1997) further stated that by leveraging knowledge gained from target markets, target customer needs and the unmet social needs and/or social issues directly affecting those markets and customers, firms can explore the opportunity to change the competitive playing field. For example, this can be done by introducing entirely new consumer offerings, developing new processes or creating new market segments directly aimed at fulfilling an unmet social need or a social issue (Schumpeter, 1934). In this context, a firm can fulfil its responsibilities by meeting a societal demand, while in the process creating both economic benefits and consumer utility (McWilliams & Siegel, 2001).

2.8.5 Resources

A major facet of strategy is concerned with matching internal resources with a changing external environment in a way that enhances organizational performance over time and generally, resources consist of the factors necessary to create, operate and sustain a firm, be they tangible or intangible factors (Wernerfelt, 1984). Although many such resources exist, the important point of departure for resources in a CSR-strategy context rests with resource

specificity. Specificity refers to the degree to which resources are leveraged to capture or internalize at least some benefits for engaging in CSR that are specific to the firm, rather than simply creating collective goods which can be shared by others in the industry, community or society at large (Porter, 1985).

According to Porter (1985) firms do not only take ownership for fulfilling their social responsibilities, but also capture exclusive benefits that can be of strategic value. Porter (1985) demonstrated this by citing an example of a firm that contributes money to a local symphony orchestra which benefits symphony-goers and others in the community who feel pride in or value classical music and neither of these benefits is specific to the firm which makes the donation because there is no exclusive enjoyment (or benefit) granted to the firm. Porter (1997) further stated an example of a firm that produces chemical products and in the process uses waste water treatment technology to protect the environment; public benefits are created which are available to the entire community and here, the firm only benefits to the extent that it also shares in a healthier environment and avoids fines or censure for failing to comply with federal pollution standards.

On the other hand as per Porter (1985), consider a manufacturing firm that invests resources in cogeneration technology which recaptures heat discharged through smokestacks and converts it to energy, substituting electrical power purchased from the local utility. In this case, the benefits of cogeneration are highly specific to the firm in the form of energy costs saved. The benefit spills over to the public as the firm's contribution to aggregate energy conservation. According to Porter (1985) in this example, the firm not only acts in a socially responsible manner (thereby meeting societal expectations for conserving energy), but by

addressing a social issue through the use of innovative technology, also creates benefits that are highly context specific.

2.8.6 Competitive advantage

The last strategy dimension, competitive advantage (CA), is largely concerned with how a firm will compete so as to earn and sustain superior performance (Porter, 1980). The two dominant perspectives of CA include the positioning approach (Porter, 1980) and the resource-based view (RBV) of the firm (Wernerfelt, 1984). In the first instance, Porter (1980) describes two generic strategies (or positions) firms can pursue to gain, and possibly sustain, a CA: cost position and differentiation position. Essentially, the position approach to CA is concerned with producing a product at a lower unit cost than competitors, thereby generating higher returns, or with producing a product that is differentiated from competitors, one in which consumers are willing to pay a higher price. Considering the positioning approach in light of unmet social needs and social issues, it is possible to pursue a strategy focused on capturing a market aimed at the social dimension (McWilliams & Siegel, 2001).

Good examples are firms which are finding ways to differentiate products in light of the obesity issue. For example, Whole Foods Market has become the largest retail food chain in the world specializing in health and organic foods. Whole Foods Market is not only meeting the welfare of society and addressing a social issue by offering differentiated products designed to properly nourish and maintain the health of individuals, but it is consistently growing sales and profits, demonstrating that what is good for society does not have to be a burden to firms and what is good for firms does not have to be a burden to society (Burke & Logsdon, 1996). One way to create such resources is through demonstrating responsible management practices with the firm's stakeholders (which, as noted, can include addressing unmet social needs and social issues).

For example, firms that are able to engage stakeholders beyond market transactions – which can be imitated by competitors to develop long-term relationships, create socially complex, time-dependent resources based on reputation and trust; reputation and trust can enhance the value of these relationships, which is not so easily imitated by competitors (Fombrun & Shanley, 1990). According to Barney (1991), developing socially complex, time-dependent and inimitable resources such as stakeholder relationships, can lead to CA and be a source of superior performance. Similarly, Jones (1995) argues that firms which develop relationships with stakeholders based on honesty, mutual trust, and cooperation are in a better position to gain an advantage over firms that do not. The reason is that developing trust and cooperation between stakeholders takes time, which in turn leads to mutually beneficial value exchanges. Such exchanges are beneficial to the firm's stakeholders in that they receive value in excess of the effort required to engage in the exchanges; to the firm, they gain advantages that lead to improved performance (Jones, 1995).

Therefore, the costs of an option based on these characteristics are lowered, so that it may become the preferred option, especially where transaction costs are high relative to other costs. In this sense, trustworthiness has been argued to be a source of CA (Barney & Hansen, 1994). Logically, this has strategic implications for the ethical responsibility of the firm as per Carroll's (1979) conceptualization of CSR. Stakeholder theory also recognises that firms have explicit costs (e.g. payments to bondholders) and implicit costs (e.g. environmental costs, human resource costs).

Stakeholder theory predicts that if firms try to lower their implicit costs by acting socially irresponsible (e.g. not investing in pollution control systems, treating employees poorly) they

will actually incur higher explicit costs, which can result in a competitive disadvantage. Reflecting on this logic, Alexander and Buchholz (1982) argue that demonstrating high levels of responsibility towards stakeholders is an indicator of superior management skills, which leads to lower explicit costs. Additionally, the actual costs of stakeholder management versus the benefits may be minimal. For example, enlightened employee management policies may have a relatively low cost, but the gains in productivity, morale and retention can yield substantial performance advantages over less responsible firms (Huselid, 1995).

Business firms are the economic engine of society and the making of profits is a social responsibility (Henderson, 2005). However, in the current climate, issues of a social nature are bearing on firms to the point that CSR appears to be the new battle ground for competitive success (Porter and Kramer, 2006). If this is true, then firms not only need to be concerned about how to best meet the interests of their shareholders, but also the interests of society at large. In this sense, strategy takes on significant meaning not only with respect to fulfilling social responsibilities and the development of firms, but also with respect to the development and sustainability of society and nations (Raimond, 1996).

2.9 COSTS AND BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Gino-German Corporate Social Responsibility Project of 2012 investigated the relationship between costs associated with activities related to improving companies' Corporate Social Responsibility (CSR) performance and the resulting benefits. The analysis focuses on economic benefits on the company level, as most companies are aware of the cost of implementing CSR but lack systematic knowledge on the resulting benefits.

The Report states that the direct benefits from CSR activities are improvements in the commitment of employees and learning processes which raise the skills level and effectiveness of employees and therefore CSR makes a company more attractive as an employer and this helps to attract a larger number of highly qualified applicants. The report further suggest that CSR increases the average skills level of employees and this leads to higher work effectiveness of employees, improved communication, enhanced green production processes and improved relations with suppliers. These positive direct internal effects in turn result in fundamental cost savings (costs of recruitment, worker turnover, penalty payments for non-compliance with environmental and labour laws, labour disputes, accidents, supervision, advertisement, production, tax payments, after sales benefits).

The link between CSR and reputation is well established. A study on how often which benefits of CSR are cited by business and academia ranked “brand value and reputation” as number one in frequency (Exter, Cunha, & Turner, 2011). Community involvement/development, socially responsible labour practices, environmental protection, the recognition of human rights, fair operating practices, and tackling consumer issues gives a company a reputation of not only being a profit-oriented enterprise but also a socially responsible organisation caring for the welfare of the society as a whole. The incorporation of stakeholders’ expectations, improving labour practices and adhering to fair operating practices create trust and improve relationships with external and internal stakeholders (e.g. government officials, retailers, civil society organizations, employees). Enhanced relationships along the supply chain help to ensure supply chain stability. Improved reputation, publicity and good stakeholder relationships result in an overall positive company image and enhanced brand identity.

2.9.1 Competitive advantage and financial performance

'Competitive advantages' was cited as one of the top justifications for CSR in a survey of business executives (Arpan, 2005). Operating the business in a responsible way is a differentiation strategy that creates competitive advantages in terms of better and more committed employees; improved operational effectiveness and production processes; improved networking and stakeholder relationships; better publicity; increased productivity, innovation, and quality; cost savings; risk reduction; price premiums; better capital and market access; customer satisfaction etc. These benefits help firms to be better off than their less socially responsible competitors and differentiate the brand from other companies. The crucial point for CSR creating competitive advantages is engaging in those CSR initiatives that meet the demands of stakeholders. In other words, stakeholders will prefer a firm over its competitors because of a firm's engagement in CSR initiatives that meet their demands (Achua, 2008).

Links between single benefits from CSR and the financial performance of an enterprise are well established. For example, a study of 40 global companies over three years found improvements of more than 5% in the operating margin and more than 3% in the net profit margin between the companies with high employee engagement (which can be regarded as a benefit of CSR) versus those with low engagement (Exter, Cunha, & Turner, 2011). Smith (2005) found that equal employment opportunity policies and environmentally responsible commitments enhance long-term shareholder value. Orlitzky et al., (2003) found a strong correlation between a firm's reputation and financial performance. Carroll and Shabana (2010) cite that CSR initiatives enhance a firm's relationship with its customers and contribute to its financial performance

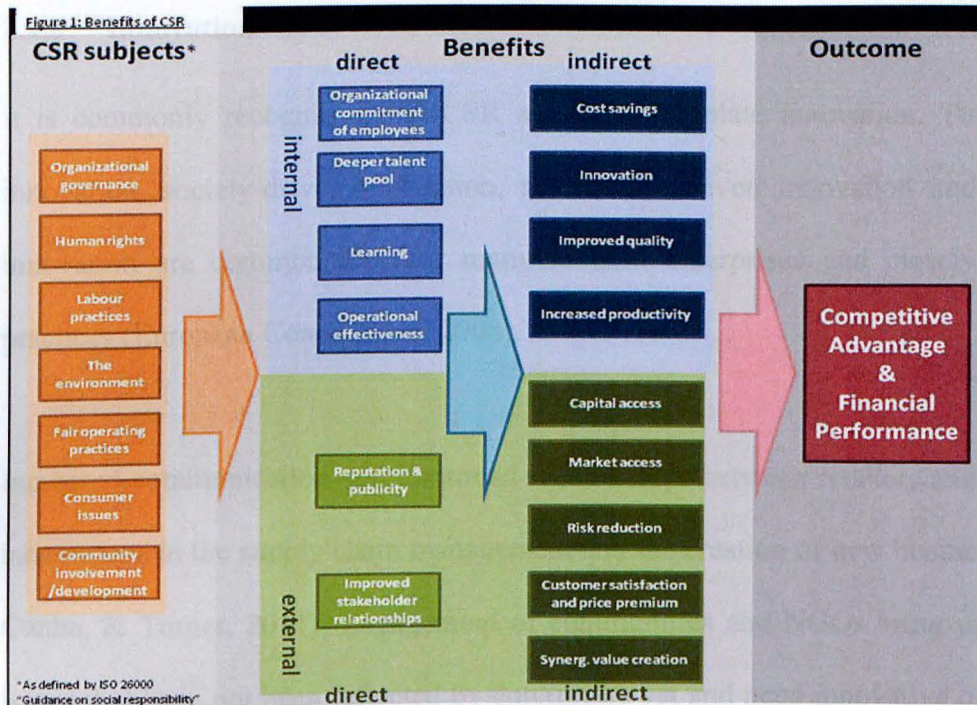


Figure 3 (Social Responsibility Journal, Demetrious, 2009)

2.9.2 Deeper talent pool

Besides improving current employees' performance and helping to retain employees, CSR contributes to attracting better applicants and thereby creates a deeper talent pool for the company. More potential job applicants are aware of socially responsible companies as promising employers with good labour practices, human rights and environmental performance (European Commission, 2008). Community development as one of the CSR core subjects contributes to improving the locally available talent pool and makes the location of the company more attractive to potential outside applicants.

Reputation and publicity play a crucial role. Many applicants show a preference for working with a socially responsible company and are willing to receive lower compensation in order to work for an employer with high moral values. Therefore responsible organisations receive more applications while spending less on recruitment (Nurn & Tan, 2010; Smith, 2005).

2.9.3 Innovation

It is commonly recognized that CSR activities stimulate innovation. The trends of open innovation, society-driven innovation, stakeholder-driven innovation and customer-driven innovation are commonplace for many modern enterprises and closely related to CSR practices (European Commission, 2008).

Increased communication and improved relationships between retailers and suppliers lead to innovations in the supply chain management and the creation of new business models (Exter, Cunha, & Turner, 2011). Engagement of communities and NGOs bring up new topics and issues that have not been reflected by enterprises yet and need innovative business solutions. This includes addressing societal challenges, such as climate change, the ageing population, the development of low-carbon technologies, or poverty and social inclusion. Learning and higher levels of qualifications among the employees inspire innovative thinking. Newly created ideas are more likely to be promoted through improved participation and communication, thanks to enhanced organizational governance.

A European Business Test Panel organised in 2008 by the European Commission found that 63% of enterprises with equality and diversity practices said that their workplace diversity had contributed to innovation and creativity in the company (European Commission, 2008). As proven by a study of the Lehman Brothers Center for Women in Business (2007), innovative performance tends to be higher in work teams that are gender-balanced. CSR contributes to balanced gender representation in two ways: through explicit CSR policies on gender equality and commitment to work/life balance, which is especially crucial for female employees. Generally speaking, the use of social, environmental or sustainability drivers is

likely to create new ways of working, which in turn contributes to the development of new products, services, processes and new market space (Achua, 2008).

3.0 MAKING THE CASE FOR ETHICAL BUSINESS: WHY BEING ETHICAL IN BUSINESS IS GOOD BUSINESS

Approximately seven people died in the U.S in October 1982, after the pharmaceutical company, Johnson & Johnson, manufacturers of Tylenol, the leading pain-killer put 65 milligrams of deadly cyanide into certain Tylenol capsules, 10000 times more than the dosage necessary to kill a person Van Wyngaard (2015).

Van Wyngaard (2015) further revealed that prior to the Johnson & Johnson crisis, Tylenol had 37 percent market share and revenue of about U\$ 1.2 million and as a consequence of the crisis their market share dropped to 7 percent. Whilst the Johnson & Johnson crisis highlighted why being ethical in business is good business, caution needs to be exercised as the way companies react to a crisis can destroy or rebuild them. As in the case of Johnson & Johnson, they were being highly ethical and recalled 31 million bottles and destroyed them at a loss of more than U\$100 million. Van Wyngaard (2015) further states that the Johnson & Johnson credo stated the following words: “We believe our first responsibility is to the doctors, nurses and patients, to the mothers and fathers and all others who use our products and services in meeting their needs, everything we do must be of high quality”.

Van Wyngaard (2015) argued that from the Johnson & Johnson crisis is that, the company assumed full responsibility, apologised and made sure that this does not happen again and in that way it restored the stakeholders’ confidence in both the company and the Tylenol brand. Therefore instead of the organisation’s incidents of unethical behaviour, it’s much beneficial getting organisational members to commit themselves to the corporate ethical standards and

values of the company; the responsibility for ethical behaviour thus becomes collective effort shared by all members of the organisation.

Van Wyngaard (2015) further stressed that there is a strong link between ethics and CSR as evidently proven in the above study, and therefore there is no way one can separate the two theories as they are interdependent.

3.1 BENEFITS OF PURSUING CSR IN THE BANKING SECTOR

According to the SBN task force in the Bank and Finance report (2014), some banks are pursuing what is termed as ethical banking. This means that the banks will not finance or provide debt to any company that has a negative impact on the environment or entail the involuntary relocation of the local people. The report further states that employees increasingly want to work for companies that are active in pursuing sustainable activities, therefore one can argue that CSR has lately become so important; therefore, it is necessary for the Namibian Banking industry to relook and better understand CSR in its newest content. As recently shown by one British Telecom survey, some employees consider CSR activities by a company more than salaries and are willing to leave should their respective companies not be engaged in CSR. Therefore CSR is being used nowadays by companies as a means of employee attraction and retention.

The study further revealed that the key benefit of CSR is innovation and the approach has devised strategic CSR, which seeks to improve the long term competitiveness of a company. The study cited the example of Credit Agricole, France's largest retail banking group, which innovatively started offering financial products related to environmental protection, thereby being both innovative and differentiating it from competitors.

The study further concluded that CSR helps the banks with risk and cost reduction, in the sense that CSR helps banks in developing, creating and enhancing a good corporate

reputation, which helps with the attraction of new customers and building good relationships with the existing ones (SBN task force of Bank and Finance Report, 2014).

The study argued that by banking institutions adopting innovative CSR, they will get a competitive advantage to the banks; as it has been with the Toyota Prius brand, which was developed as a result of the public outcry due to global warming and carbon emissions.

Several authors argue that companies can gain enormous benefits by being socially responsible (Idowu & Papasolomou, 2007). There are a large number of different views of why companies engage in CSR and what benefits a company actually gets from participating in CSR. Companies participate in CSR in order to look better, feel better, do better and live longer.

They explain that by participating in CSR, the company will look good in the view of potential customers, business colleagues, investors and in the media. Furthermore, employees, customers, stockholders and board members will actually feel good. Many researchers also argue that CSR improves the brand, and some claim that companies with a strong reputation for CSR will last longer. Kotler et al. (2005) explain that companies can gain great benefits from participating in CSR and that these benefits are the reasons for their engagement in CSR.

Kramer and Porter (2006) describe the reasons for participating in CSR to include moral obligation, sustainability, license to operate and reputation. McGuire *et al.* (1988) have in conformity with Sarbutts (2003) established that there are various arguments with regards to what the relationship between a company's CSR engagement and their financial performance is. Sarbutts (2003) argues that if CSR affects a company's reputation, it is also very likely that this will affect the company's financial performance. Balabanis *et al.*, (1998) further argue that companies engage in CSR due to enlightened self-interest, since CSR is believed to enhance the corporate image and thereby improve financial performance.

However, they also point out that all researchers do not share this point of view. This is mainly due to the fact that there are diverse results from previous research on how investing in CSR affects a company's performance.

3.2 CORPORATE SOCIAL RESPONSIBILITY IN SOUTH AFRICA

Van Den Ende (2004) described CSR in South Africa as how organisations impact on the society and the need to deal responsibly with the impacts on each of the stakeholders, namely shareholders, customers, suppliers, employees and the community. Van Den Ende (2004) further stated that CSR is not a new issue in South Africa and that CSR key issues vary from sector to sector and from organisation to organisation, which clearly supports the present researcher's argument as previously stated, which is that CSR is understood and applied differently by different organisations and industries.

According to Van Den Ende (2004), since South Africa's adoption of the King II Report of 2002 on Corporate Governance in South Africa, many corporates have started sharpening their focus on their commitment to the triple-bottom-line, which is an expanded baseline for measuring a company's performance which includes, in addition to the traditional financial yardstick, an accounting of their impact of their activities on society and the environment. Van Den Ende (2004) further argued that it is impossible for organisations to ignore the impact of social, ethical and environmental issues on their business or else the cost of neglecting these issues will be very high. Finally Van Den Ende (2004) concluded that businesses should aim to achieve both CSR and profits.

It is evidently clear from the above study that there is a lack of a well-researched topic on CSR, especially in Namibia and South Africa and therefore most organisations in these two

countries do not understand that behaving responsibly is necessarily good for business in the logic of building shareholder value, despite there being enough evidence that supports the argument between CSR and financial performance.

3.4 SOUTH AFRICA'S NATIONAL SURVEY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) PROGRAMMES AND INITIATIVES

The PMR.africa (2014) completed its annual national survey assessing companies and institutions in South Africa perceived to enhance economic development, growth and stability through their Corporate Social Responsibility (CSR) programmes and initiatives. The ratings were based on the respondents' perceptions across different business sectors and categories. The banking sectors were also included and different South African banking institutions took part in the survey, namely Absa bank limited, Standard bank group limited, Nedbank Ltd and First National Bank.

According to the PMR.africa, the respondents' nominated and rated the banking institutions on the following key attributes, Black Economic Empowerment, Commitment to communities and employees, corporate governance, employment equity, environmental care, fight against crime, Hiv /Aids, poverty, job creation, training, service excellence and social up-liftment. The PMR.africa (2014) survey was conducted using listed and large companies, state owned enterprises (SOEs) and government, national, provincial and local municipalities and the interviews were conducted during October and November 2014. The study further revealed that a random national sample of 110 respondents comprising of analysts, C.E.Os, financial and Hr directors, Md's, senior government management, officials and stockbrokers were used. The study used telephonic interviews using semi-structured questionnaires and back-checks were conducted at all the stages of the fieldwork, and data were captured and analysed.

Despite different categories at stake, the only banking institution that won a category achiever award was Nedbank limited for being the institution doing the most to protect the environment despite most of the banks posting heavy profits in South Africa. Therefore in order to understand why the banks perform so poorly in the national survey on CSR, one can argue that it's because of their misunderstanding or lack of knowledge of the new CSR concepts, and their traditional view of sponsorships and funding as their key CSR strategies. One can also argue that since most of the banking institutions that dominate the Namibian banking industry originate from South Africa as stated earlier, the same management and culture might have spin-offs in Namibia, and therefore that is why there is a misunderstanding and lack of knowledge on the new CSR concepts among Namibian banking institutions.

3.5 CORPORATE SOCIAL RESPONSIBILITY: SHOULD IT BE A LAW?

Chhabra (2014) stated that India is the first country to have CSR legislation, mandating that companies give 2% of their net profits to charitable causes. She further states that the new CSR law is a massive 294 page act that requires companies to set up a CSR board committee that oversees the 2% of net profits allocation to CSR, which is reviewed at the end of each financial year. According to Chhabra (2014), the law applies to companies only registered in India and with a net worth of U\$80 million, a turnover of U\$160 million, or a net profit that exceeds U\$830 000.00. While India's biggest corporate giants such as Airtel, Tata, Reliance and Wipro have already charitable foundations that partake in charitable activities aimed at poverty reduction, Indian critics argue that charitable funding is not always the smartest way of tackling CSR.

This is in fact in support of the present researcher's argument that the Namibian banking industry's charitable funding is not necessarily the best CSR and that CSR has moved beyond

charitable funding. Therefore the Namibian banking institutions should go beyond charitable funding into creating or supporting niche CSR or act as in the case of Indian companies.

CSR should not merely be about giving but the kind of giving should matter as per Indian perspectives noted here and in this way organisations will develop closer ties with the stakeholders and this will have a positive impact on their profitability (Chhabra, 2014).

3.6 SOCIAL RESPONSIBILITY NO LONGER OPTIONAL FOR BUSINESSES

According to Brooks (2013), as per the research study conducted by a public relations and marketing firm Cone Communications and Echo Research, it was revealed that selling a good product or service is no longer enough to attract today's socially conscious shoppers.

The study further revealed that corporate social responsibility is now a reputational imperative, with more than 90 percent of shoppers worldwide likely to switch to brands that support a good cause, given a similar price and quality, and additionally, more than 90 percent of the consumers surveyed are more likely to trust and be loyal to socially responsible businesses compared to companies that don't show these traits.

Therefore businesses that aren't socially responsible are running the risk of alienating their customer base. The research further found out that 90 percent of the shoppers surveyed would boycott companies if they found the firms engaged in irresponsible business practices, with 55 percent of the respondents having already done so in the past year.

According to DaSilva (2013), it is no longer a question of whether companies should engage in CSR, it is now a question of to what extent will they do so, and how will they create and communicate a real and meaningful impact.

The research shows that, more than ever, consumers expect more from the businesses where they shop. Just 6 percent of the consumers surveyed believe that the singular purpose of business is to make money for shareholders, with more than 90 percent saying they want to see more of the products and services they use supporting corporate social responsibility.

Overall, more than 80 percent of those surveyed consider social and environmental issues when deciding where to work, what to buy, where to shop and which products and services to recommend to others.

In addition to wanting companies to change, consumers also feel personally accountable for making responsible purchasing decisions. Less than 15 percent of the shoppers surveyed feel they do not play any role in addressing social and environmental issues through their purchases. Meanwhile, 20 percent of shoppers not only proactively seek out products and services they feel are responsible every time they shop, but also encourage others to do the same.

The study shows that shoppers' motives for buying such products are primarily altruistic, with nearly 40 percent saying these purchases are an attempt to help improve society or reduce environmental damage. About half of consumers buy with more individual motives in mind; including making themselves feel good or helping them live their values and improve their own lives.

The research found that shoppers are increasingly turning to social media to learn more about a company's social initiatives. Nearly two-thirds of consumers say they use social media to address or engage with companies around the topic of corporate social responsibility, and while most customers share positive information with their networks, more than a quarter communicate negative news.

DaSilva (2013), states that the social media is changing the face of CSR as citizens worldwide have unprecedented access to information about corporate behaviour, and they are poised to not only engage with companies around vital issues but also serve as CSR megaphones, equally spreading the good and bad. The Namibian banking industry is not using social media to promote its CSR initiatives and programmes as some of these banking institutions lack the knowledge and thereby misinterpret CSR.

The study further found out that most consumers want companies to address economic development, the environment, human rights, poverty and hunger issues, which are merely not about sponsorship and funding as perceived by the Namibia banking industry.

3.7 IMPACT OF CSR ON THE FINANCIAL PERFORMANCE OF BANKS IN PAKISTAN

There is a study that investigated the impact of CSR on the financial performance of banks in the service sector of Pakistan. Malik and Nadeem (2014), used data obtained from annual reports issued by the banks during 2008 - 2012 and regression methods to verify the relationship between Earnings Per Share (EPS), Return on Assets (ROA), Return on Equity (ROE), Net Profit (NP) and CSR. Malik and Nadeem's (2014), study results showed that there is a positive relationship between profitability and CSR practices, despite there being a lack of CSR understanding among the banks in Pakistan. They further indicated that financial institutions which implement CSR in their operations earn more profit in the long run.

As previously stated from different researchers, CSR has become lately so popular and large numbers of companies are including CSR activities in their annual reports as ever before. According to Malik and Nadeem (2014), people in today's advanced and globalised world have more knowledge about organisations, their products, services and business operations and therefore people are conscious about the organisations that work for the prosperity of the

society, the environment in which they operate in and earn profits. Nowadays people are more knowledgeable than ever before, and they tend to make informed decisions, and therefore they demand organisations to be more responsible in their dealings with societies and the natural environment and they are likely to support and buy from businesses that are socially responsible and are eager in preserving the environment for future generations.

Malik and Nadeem (2014) further argued that most of the firms in Pakistan are not yet familiar with the importance of CSR and therefore do not pay much attention to CSR. This clearly supports the present researcher's argument that CSR is not well understood and due to a lack of regulation, it is differently applied and interpreted across the world, and therefore one is not surprised as to why it is misunderstood by the Namibian banking industry.

Malik and Nadeem (2014) went on and described the following as the most determinants of CSR.

1. Education

They stated that education is a key factor of CSR in Pakistan, and most banking institutions are highly engaged in sponsoring and funding educational initiatives and this is in support with the Namibian banking industry, whereby they sponsor and provide training to the local communities. Malik and Nadeem (2014) further went on and described that in Pakistan, banks that consider education as part of their CSR are likely to earn long-term profit because such types of expenses for the society build the goodwill.

2. Health

Malik and Nadeem (2014) revealed that in Pakistan, banks are paying for the health of their employees and others living within the community, unlike in Namibia where banks don't provide medical aid to ordinary community members, but only to their employees. They

revealed that banks in Pakistan offer different amounts of money to the institutions such as hospitals to be used to care and help the need within communities with affordable health care.

3. Donations

Malik and Nadeem (2014) further revealed that banks in Pakistan donate or pay money to rehabilitate the society. They further said that banks are giving in the form of cash offerings, service, new or used goods like clothing, toys, food and vehicles. The Pakistan and the Namibian banks' philanthropic activities are of similar nature and exactly view and perceive donations in the same way as a charity event, and therefore one can argue that all banks focused are geared towards donations, which contradicts the current or latest CSR developments.

Malik and Nadeem (2014) describe the motives for participating in CSR by using Carroll's (1991) Pyramid of CSR, which illustrates how different levels of commitment to CSR are related to motives and outcomes. Carroll (1991) describes that a company's CSR philosophy can be compliance, profit, caring, synergy driven or holistic driven. Carroll (1991) further described the first stage of CSR category, which is tilted towards the legal stage, whereby companies engage in CSR as their legal duty and obligations, while in the second stage known as the economic stage, companies use CSR as a strategy to create a competitive advantage and gain improved final performance. They describe the last stage as an ethical and philanthropic stage, whereby companies aim to achieve a balance between the profit, people and the planet.

Albinger and Freeman (2000), described CSR as a factor of profitability and that it has the ability to motivate, attract and retain the desired workforce and improve financial performance. Dolan (1997) underscores this point by referring to Forbes' report which found

that more than half of 2100 MBA (Master of Business Administration) students revealed that they would accept a job with a lower salary in a socially-responsible company. CSR thus enhances a corporate image and reputation, which are also important drivers of cost reduction and the overall financial performance of companies.

According to Roberts and Dowling (2002) there are emerging empirical findings of a strong and positive link between reputations from CSR and financial performance. Others such as Fombrun (1996), Peloza (2006), and Gardberg and Fombrun (2006) found that reputation is a critical intangible asset which provides a crucial link between social responsibilities and profitability by reducing transactional costs and increasing product demand. Hahn and Scheermesser (2006) also revealed that the practice of CSR can yield positive financial results, either by generating new revenue or by protecting existing profit levels. Coelho, McClure and Spry (2003, p. 18) note that a firm's interactions with its stakeholders are recognised as having a direct influence on profitability and that ethical executives should consider this as being part of their fiduciary duties to shareholders. Pearce and Robinson (2009, p. 28) explain further that overlooking the enduring concerns of society (customers, suppliers, creditors, ecologists and regulatory agents) may produce profit in the short term but, overtime, the financial consequences are likely to be detrimental. Empirical studies examining the relationship between CSR activities and firms' financial performance have presented mixed findings. A greater number of these, however, show a positive correlation between CSR and the firms' financial performance (Frooman 1997; Griffin & Mahon, 1997; Roman, Hayibor & Agle, 1999; Waddock & Graves, 1997). Margolis and Walsh (2003) also examined studies published between 1971 and 2001 and found no relationship in 21 of these studies.

Malik and Nadeem (2014), used a quantitative methodology, which involved collecting primary data using survey questionnaires from respondents, and twenty-two out of 25 banks in Ghana participated in the study, which represented 89,3% participation and due to the strategic nature of information sought, people in senior management positions, head of departments or officials knowledgeable and responsible directly for issues relating to CSR were therefore targeted. A total of 176 questionnaires (eight to each of the 22 banks) were distributed and 133 of them were returned, filled in properly and useable, which represents 76% respondent rate.

Based on the review of the literature, there is a strong gap in the knowledge that is the subject

According to Malik and Nadeem (2014), they needed to obtain rich data in order to examine banks' views on CSR activities in a meaningful and empirical manner, and also finding the (banks) motives for engaging in CSR, the association between CSR and financial performance and the level of CSR contribution to the bank's profitability. Data were analysed using the statistical package for social sciences (SPSS) and for ethical reasons respondents were not coerced into filling questionnaires, they did so on a free-will basis.

Malik and Nadeem (2014) discovered that the banks' results indicate that banks strongly believe that CSR activities improve their business image and reputation and also promote socioeconomic development, serve as a source of competitive advantage, attract investors and enhance the implementation of core business activities. Thus the results revealed that there is no significant difference amongst the motives governing CSR practices within the Ghanaian banking sector. This implies that banks in Ghana are motivated to practice CSR for legitimate reasons as much as they are motivated by profits protecting and sustainability reasons. The results further revealed that there is a strong relationship between CSR and banks' profitability. Practically, the study findings imply that managers should put more effort and

resources on their CSR activities as their banking institutions will be rewarded with legitimacy by stakeholders and in the long run, perhaps financial performance.

Therefore there are strong differences and similarities between the Ghanaian model and the Namibian banking industry perceptions on CSR, as both banks view it forms of philanthropic activities. Unlike the Ghanaian banks who further view it from a strategic point of view, the Namibian banking industry employees and managers interpret and understand it differently.

Based on the review of the literature, there is a strong gap in the knowledge that is the subject of the study. In Namibia, based on this literature review, it is evidently clear that in Namibia CSR is not regulated or enforced and no guidelines are available and this has left a vacuum in terms of applications and interpretations of CSR by different companies operating in Namibia. Namibian banking industry employees and managers interpret and understand it differently compared to other countries in the world.

In the next chapter we will look at the methodology that will help us to find out how Namibian Banking industry employees perceive and understand CSR.

CHAPTER 3

3. INTRODUCTION, RESEARCH DESIGN AND METHODOLOGY

In this problem definition chapter, I constructed a guideline of what to investigate throughout the data analysis and in this chapter of methodology; I will present how to move towards answering these problems. This research is conformed to one type of data collection, questionnaires information. First, the empirical data is collected by a survey of Namibia banking industry employee's understanding and perceptions of CSR. The theoretical data was collected from books and journals in the study area of corporate social responsibility, organizational communication, management studies, and business ethics.

3.1 RESEARCH DESIGN

This research used a quantitative method research approach for the collection of quantitative data. Questionnaires were used to collect data about the employees and management's perceptions on CSR within the banking industry. Tables, pie charts and graphs were the data presentations used to illustrate the findings.

3.2 POPULATION

The four banks (Nedbank, Standard Bank, Bank Windhoek and First National Bank of Namibia) which were part of this study employ approximately 3120 people, occupying various positions including junior managers, middle and senior managers.

3.3 SAMPLE AND RESPONSE RATE

A sample of 200 employees with a response rate of 86 employees was used from a general population of 3120 from the Windhoek bank employees. The response rate was 43%. A sampling frame of 50 employees from each of the four main banks located in Windhoek was

used in the study and a sample of 20 top and middle bank managers was used from a general population of 120 top and middle bank managers and they were used in the study across the different banks. Due to the banking industry's confidentiality and security reasons, it was very difficult to get hold of the respondents and some managers and employees were reluctant to give back the questionnaires. According to Leedy and Ormrod (2013), in a quantitative design framework where data is gathered by means such as a detailed questionnaire based survey, a smaller sample of key respondents is deemed adequate and representative when studying organisational situations.

3.4 PROCEDURE

The sampling technique was based on the non-random sampling technique in that respondents were employees of the organisations being studied. Therefore, selected/targeted sampling was used, whereby respondents were selected from the institutions on the basis of their availability and their willingness to participate. According to Leedy and Ormrod (2013) convenience sampling takes samples that are readily available and easy to reach. It should be noted that with non-probability sampling, researchers have no way of calculating how well the sample represents the population as a whole. However, it is anticipated that with a properly stratified sample, a usable mix of views will be canvassed. In practice, the study used bank employee members who were available and willing to participate as the sample. The advantage is that it is not normally representative of the target population because sample units are only selected if they can be accessed easily and conveniently. This method is easy to use, but that advantage is greatly offset by the presence of bias. Although useful applications of the technique are limited, it can deliver accurate results when the population is homogeneous.

Questionnaires were administered and distributed amongst employees and management of the selected banks in this study and they were collected later after a week, and by then most of the questionnaires were not fully completed and the researcher had to give the respondents another week to complete the questionnaires. 200 questionnaires were distributed equally among the four banks. The response rate from each institution was as follows: First National Bank - 25, Standard Bank - 21, Bank Windhoek - 25 and Nedbank - 15. Due to the banking industry's confidentiality and security reasons, it was very difficult to get hold of the respondents and some managers and employees were reluctant to give back the questionnaires. Some potential respondents were very unhelpful and always busy, and therefore they did not get time to complete the questionnaires, despite them acknowledging the potential value of the study.

3.5 THE RESEARCH INSTRUMENT

A structured questionnaire was used to measure the bank employees' perceptions of corporate social responsibility. A pilot study was used to pre-test the questionnaire instruments in the research before the full study was undertaken. The pilot study was used with six respondents to ensure that questions being asked were clearly understood and were not ambiguous. It allowed the fine-tuning of the data collection instrument.

3.6 DATA ANALYSIS

The SPSS (Statistical Package for the Social Sciences) was used for data analysis. The data gathered were tabulated in tables for easy interpretation. Cross-tabulations and Factor Analysis was conducted on the data to determine the underlying perceptions and views of the respondents. Content Analysis was used to understand the CSR commitments, efforts and activities of the four institutions studied. Data were labelled and coded in order to identify

similarities and differences which helped to compare the perceptions between the different managers and employees. The differences between the perceptions of the employees of the four institutions studied was analysed using Chi-square Test.

3.7 RESEARCH ETHICS

In order to ensure the quality and integrity of this research, the right to privacy of respondents were taken into consideration in designing the questionnaire. The researcher respected the confidentiality and anonymity of the respondents, and the participants participated in the study voluntarily. Since the data collected are from banks, the information received was treated confidentially for the banks' security reasons. The reasons for the study was explained and discussed with managers and employees prior to the study being conducted and appropriate permissions were received from the institutions.

In conclusion Questionnaires were administered and distributed amongst employees and management of the four selected banks in this study. The response rate from each institution was as follows: First National Bank - 25, Standard Bank - 21, Bank Windhoek - 25 and Nedbank - 15. The SPSS (Statistical Package for the Social Sciences) was used for data analysis. In the next chapter, the findings of the collected data from the structured questionnaire will be presented. In doing this, the analysis is based on quantitative data analysis and interpretation.

CHAPTER 4

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This study investigated the employees' perceptions and applications of Corporate Social Responsibility Management in the Namibia Banking Industry. This chapter focuses on the presentation, analysis and discussion of data collected based on the research problem and research questions. In discussing the research findings, a comparison of the results obtained during the study to the literature reviewed in Chapter 2 was also undertaken with a view to identify similarities and departures from the knowledge gained from other authors.

4.2 Research Questions

This study addressed the following research questions:

- How do the Namibian employees perceive and understand CSR?
- What are the employees' perceptions of the role of CSR and commitment to community welfare and development?
- How do the Namibian banking industry employees perceive the value derived from participating in CSR activities?

4.2.1 Analysis and findings

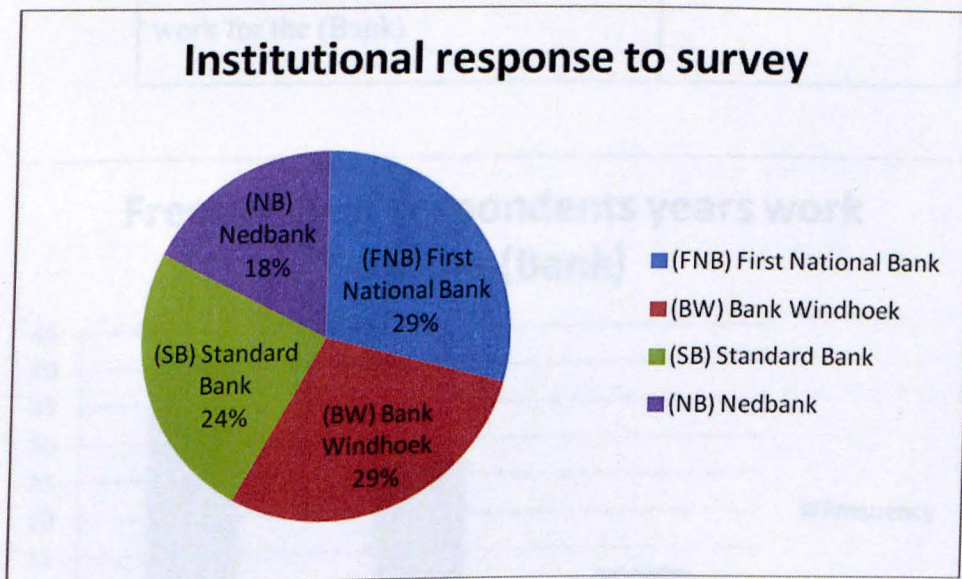
The aim of collecting primary data was to establish the respondents' views on perceptions and applications of Corporate Social Responsibility Management in the Namibian banking industry and ultimately draw conclusions on the research problem.

4.2.2 Respondents' profile

This section presents the respondents' profile.

Table 1: Institutional response to survey

	Frequency	Percent
(FNB) First National Bank	25	29.1
(BW) Bank Windhoek	25	29.1
(SB) Standard Bank	21	24.4
(NB) Nedbank	15	17.4
Total	86	100.0



Pie chart 1

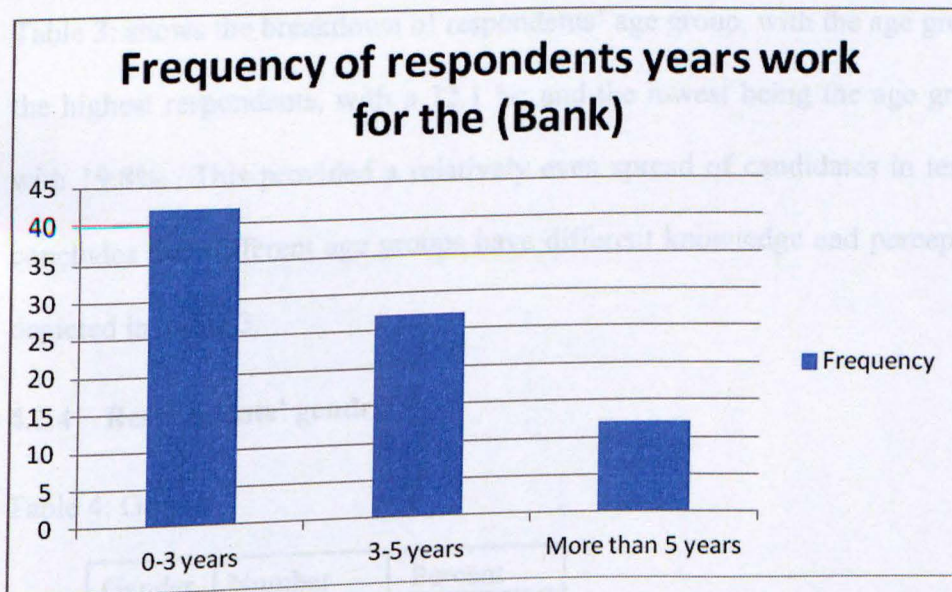
Pie chart 1 reveals that 100 questionnaires were distributed among the four (4) above-mentioned banks. However, only 86 completed questionnaires were received and analysed from the respondents and they were as follows: First National Bank - 25, Bank Windhoek - 25, Standard Bank - 21 and Nedbank - 15. This concludes that FNB and Bank Windhoek had

the highest returned questionnaires with 29% each, while NB had the lowest received back questionnaires with 15%.

4.2.3 Respondents' years working for the firm

Table 2: Length of employment

Respondents' years working for the firm	Frequency
0-3 years worked for the firm	42
3-5 years worked for the firm	27
More than 5 years respondents worked for the firm	12
Total frequency of respondents years' work for the (Bank)	86



Graph 1

As indicated in Graph 1, most of the respondents (42) have worked for their respective banks between 0 – 3 years, followed by 27 who have worked between 3 - 5 years and lastly by 12

who had worked more than 5 years out of the 86 respondents. This concludes that most of the employees that responded had worked for their respective banks for less than 3 years; this provided a good cross-section of relatively new and more experienced staff with longer service, which gave the researcher a good idea of how they understood CSR.

4.2.4 Respondents' age group

Table 3: Age of respondents

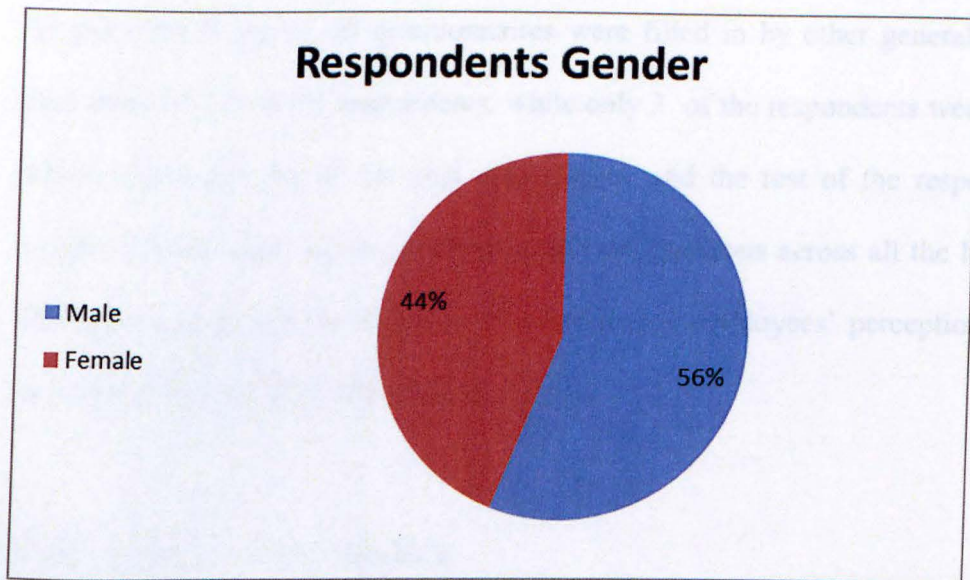
Age Group	Number	Percent
26-34	26	32.1
18-25	22	27.2
35-44	17	21.0
45 and Over	16	19.8
Total	81	100.0

Table 3: shows the breakdown of respondents' age group, with the age group of 26 - 34 being the highest respondents, with a 32.1 %; and the lowest being the age group of 45 and over with 19.8%. This provided a relatively even spread of candidates in terms of age and this concludes that different age groups have different knowledge and perceptions about CSR as depicted in Table 3.

4.2.4 Respondents' gender

Table 4: Gender

Gender	Number	Percent
Female	36	44.4
Male	45	55.6
Total	86	100



Pie Chart 2

Pie chart 2 revealed that there were a total of 36 females representing 44.4% of the respondents and 45 (55.6%) male respondents that filled in the questionnaire and 5 respondents did not indicate their gender. In conclusion, more males than females responded to the questions but with a slight difference, and therefore it can be concluded that the study can find out the understanding and knowledge of CSR across the different gender.

4.2.5 Respondents' positions

Table 5: Position of respondents in the organisation

Position	Number	Percent
Top Management	3	3.8
Junior Management	13	16.3
Middle Management	15	18.8
Other Employees	49	61.3
Total	80	100

As per table 5 above, 49 questionnaires were filled in by other general employees, which represents 61.3% of the respondents, while only 3 of the respondents were top management, which represents 3% of the total respondents, and the rest of the respondents were from middle (18.3%) and junior (16%) management positions across all the banks. This implies that the research met its objective of investigating employees' perceptions, knowledge and understanding of CSR in the banking industry.

4.3 DESCRIPTIVE STATISTICS

4.3.1 Source of knowledge about CSR?

Table 6: How did respondents find out about CSR?

Sources	Number	Percent
Other companies	13	19.1
Local NGOs	8	11.8
Business Associations	7	10.3
Chamber of Commerce and Industry	5	7.4
Media	20	29.4
Other	15	22.1
Total	68	100

The above table points out that the majority of respondents learnt about CSR through the media, and through other companies. The survey required respondents to select a minimum of one option to indicate from where they learnt about CSR. The majority of the respondents (29%) listed media, while 19% listed other companies and 22% listed other sources. This indicates that most banks do not create awareness internally about CSR or they fail to incorporate CSR policies within their organisations. Hence there is a need for consumer education about CSR internally within the banking institutions.

4.3.2 Employees' knowledge and awareness of CSR

Table 7: What constitutes CSR?

	Frequency	Percentage- %
1. CSR is a set of philanthropic activities a company carries out voluntarily on a sporadic basis in the local community	2	2.7
2. CSR is the commitment of a company to strictly abide to national labour and environmental laws	18	24
3. CSR is about promoting corporate fairness, transparency and accountability through a set of internal rules or processes by which businesses are operated, regulated and controlled	1	1.3
4. CSR is a collection of occasional philanthropic practices, gestures or initiatives motivated by public relations or marketing considerations	8	11
5. CSR is a comprehensive set of policies, practices and programs that are strategically integrated throughout business operations and decision-making processes to minimise the negative impact on the company's social and natural environment	12	16
6. CSR is a formal process of relationship management through which companies engage with their stakeholders to align their mutual interests	7	12
7. CSR is a concept aimed at achieving commercial success in a way that does not compromise the well-being of its employees or the local community	9	12
8. CSR describes a decision-making process based on ethical values and compliance with legal requirements	9	12
9. CSR describes the way in which a company manages its economic, social and environmental relationships, and the way it engages with its stakeholders (including shareholders, employees, customers, business partners, governments).	9	12
Total	75	100
Total	86	

As depicted in Table 7, the survey required respondents to select a maximum of two definitions that reflect their understanding of CSR. Nine options were provided and these are shown in Table 7. The majority of respondents (24%) cited or understand CSR as the commitment of a company to strictly abide to national labour and environmental laws; while 12 respondents, which represent 16% of the respondents, think that CSR is a comprehensive set of policies, practices and programs that are strategically integrated throughout business

operations and decision-making processes to minimize the negative impact on the company's social and natural environment. This indicates that most employees do not understand CSR; hence most of the respondents cited that CSR is the commitment of a company to strictly abide to national labour and environmental laws. It is evidently clear that the banking industry needs to create awareness about CSR, and incorporate good ethical practices within their policies. Employees described CSR as the way in which a company manages its economic, social and environmental relationships, and the way it engages with its stakeholders (including shareholders, employees, customers, business partners, governments), while newer CSR concepts are about employees themselves and how they manage their operations (3Rs). In conclusion, the banking industry needs to educate and create awareness about CSR within their institutions for sustainable development.

4.3.3 Respondents' views on the importance of CSR

Table 8: Importance of CSR

	Percentage Agree	Percentage Disagree
CSR is a resource intensive and costly concept	67.1	32.9
CSR is the obligation of large multinational companies rather than of SMEs	57.6	42.4
CSR needs to be strongly promoted by government	83.1	16.9
SMEs can only commit to CSR if resources are provided by the government or other institutions	55.9	44.1
CSR needs to be legislated to ensure a wide uptake	80.7	19.3
A responsible company is a firm that strictly abides to labour and environmental laws	91.3	8.7
Responsible businesses go beyond what is required by law to make a positive impact on society	90.4	9.6
CSR is an important prerequisite if a firm wants to enter into a business relationship with a Western company	74.5	25.5
CSR includes actions to protect the environment	91.2	8.8
CSR is a new fancy name for something that local companies have already been doing for a long time	66.0	34.0

CSR is more relevant for the manufacturing industries than for the service sector	55.9	44.1
CSR is primarily motivated by public relations or marketing considerations	78.1	21.9
CSR can lead to an increase in profits	82.6	17.4

Respondents across the four banks were asked different questions and were required to rate the statement on a five point scale where 1 equals strongly agree and 5 equals strongly disagree. A sixth option was provided, where respondents were not sure or did not know how to respond to the statement. The data was recoded to combine the two scales used for agreement and the two for disagreement to reflect the tendency towards agreement or disagreement with respect to the statements as shown in Table 8. This table indicates the perceptions of what is regarded as important in relation to CSR. It is interesting to note that 83.1% of the respondents believed that “CSR needs to be strongly promoted by the government, while 82.6% believed that “CSR can lead to an increase in profits”.

A number of respondents closely associated aspects relating to the environment as being an important part of CSR. For example, 91.3% were of the opinion that “a responsible company is a firm that strictly abides to labour and environmental laws” and 82.6% believed that “CSR includes actions to protect the environment”. It was interesting to note that 55.9% considered that “CSR is more relevant for the manufacturing industries than for the service sector”. This may relate to the strong view that CSR was closely linked with issues relating to the environment. While there appears to be a positive perception of the role of CSR, 67.1% considered that “CSR is a resource intensive and costly concept” and consequently 57.6% believed that “CSR is the obligation of large multinational companies rather than of SMEs”. A further analysis of some of these views is provided below.

4.3.3.1 Comparative analysis of the perceptions of respondents across the different banks about CSR

A more detailed analysis was undertaken to identify the differences in opinion between the respondents from the different banks which were part of the study. The data was tested using Chi-Square Tests to identify if there was any significant difference between the perceptions across the four banks.

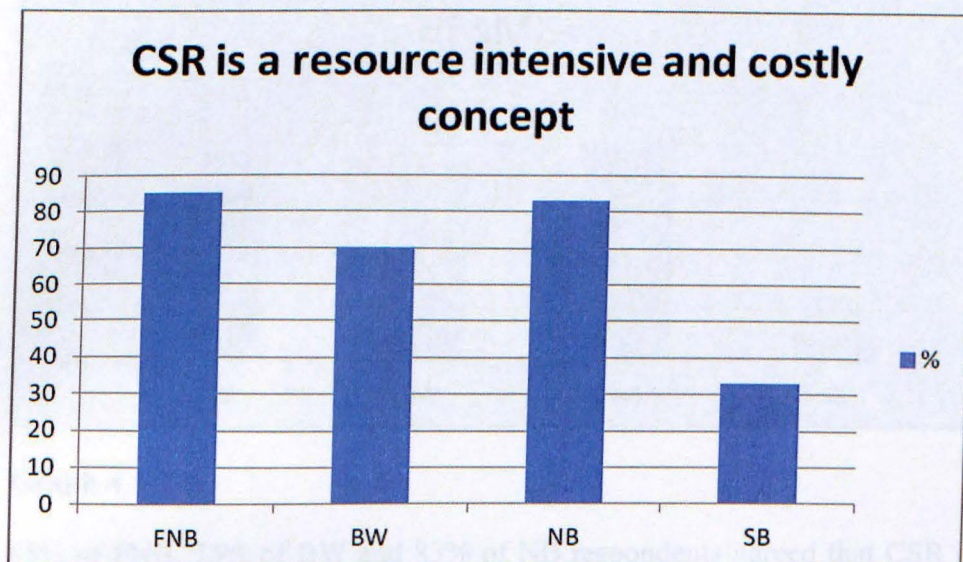
Table 9: List of statements measuring perceptions of CSR

	Statements	Responses (N)
1	CSR is a resource intensive and costly concept	86
2	CSR is the obligation of large multinational companies rather than of SMEs	85
3	CSR needs to be strongly promoted by government	85
4	SMEs can only commit to CSR if resources are provided by the government or other institutions	86
5	CSR needs to be legislated to ensure a wide uptake	83
6	A responsible company is a firm that strictly abides to labour and environmental laws	86
7	Responsible businesses go beyond what is required by law to make a positive impact on society	86
8	CSR is an important prerequisite if a firm wants to enter into a business relationship with a Western company	86
9	CSR includes actions to protect the environment	85
10	CSR is a new fancy name for something that local companies have already been doing for a long time	86
11	CSR is more relevant for the manufacturing industries than for the service sector	86
12	CSR is primarily motivated by public relations or marketing considerations	85
13	CSR can lead to an increase in profits	86

As it can be observed from table 9, respondents were required to respond to various set off questions and the respondents responses will be discussed in details below.

4.3.3.2 Results of employees' perceptions of CSR among the four banks in the study (Institutions differences)

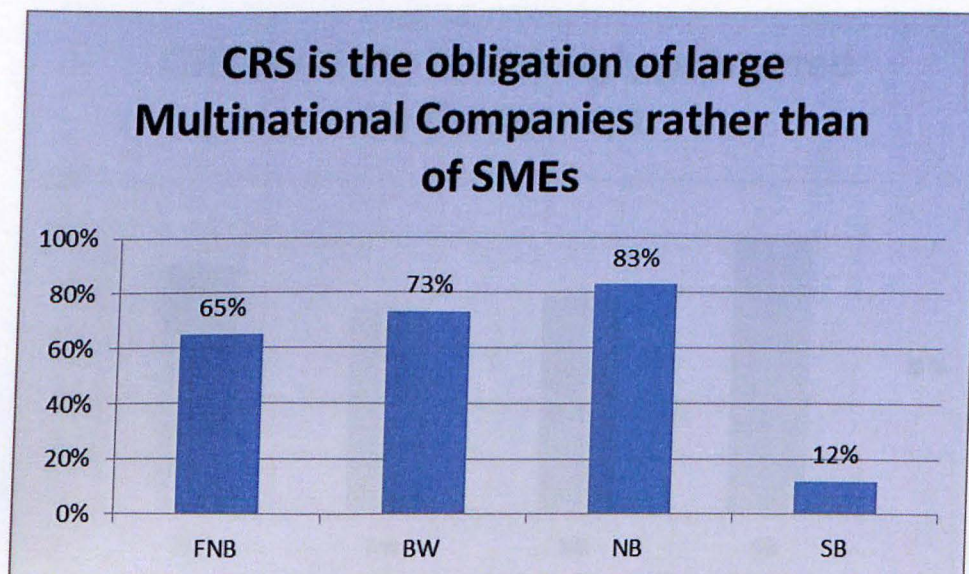
(1) CSR is a resource intensive and costly concept:



Graph 3

As depicted in the graph above, 85% of FNB, 70% of BW and 83% of NB respondents agreed that CSR is a resource intensive and costly concept, while only 33% of SB respondents agree. The Chi-square test clearly indicates that there was a significant difference between the FNB, BW and NB which differed in the response from SB, $\chi^2(3, N=70) = 13.72$, $p = .003$) in their response as to whether CSR is a resource intensive and costly concept or not .

(2) CSR is the obligation of large multinational companies rather than of SMEs:

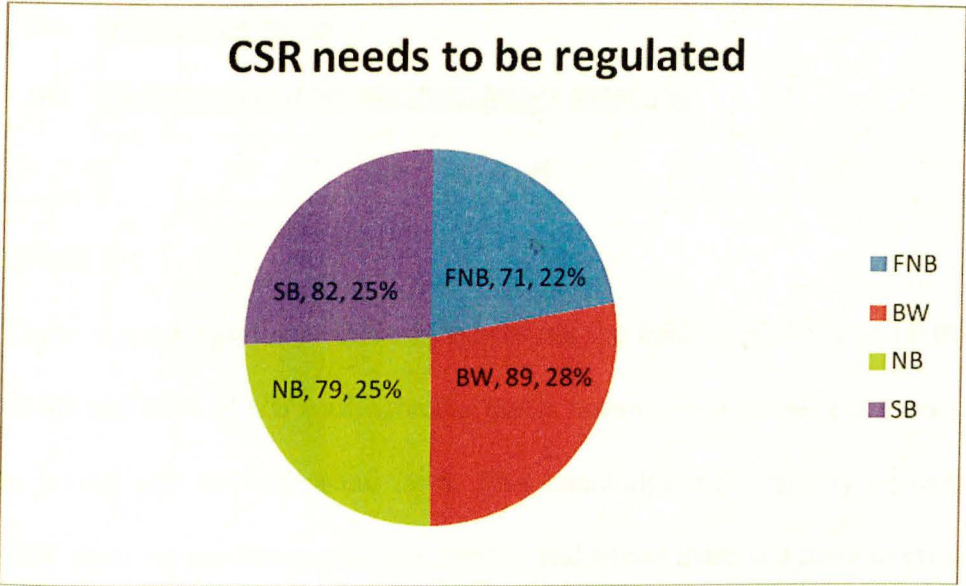


Graph 4

65% of FNB, 73% of BW and 83% of NB respondents agreed that CSR is the obligation of large multinational companies rather than of SMEs, which was significant from the response from SB, where only 21% agree., $\chi^2(3, N=70) = 15.61, p = .001$). As depicted in the graph, it is clear that Standard Bank employees' understanding that CSR is the obligation of large multinational companies rather than of SMEs differs significantly with those of the other banks; therefore it is clear that there is a lack of understanding by employees of CSR as per the problem statement.

68% of FNB, 60% of BW and 92% of NB respondents agreed that SMEs can only commit to CSR if resources are provided by the government or other institutions, while only 16% of SB respondents agreed. The Chi-square test indicates that there was a significant difference between the FNB, BW and NB, which differed in the responses from SB, $\chi^2(3, N=68) = 20.48, p = .000$).

(5) CSR needs to be legislated to ensure a wide uptake:



Pie chart 4

Pie chart 4 depicts that 71% of FNB, 89% of BW, 79% of SB and 82% of respondents agreed that CSR needs to be legislated to ensure a wide uptake. There was no significant difference between the banks and this implies that there is a strong call for CSR to be regulated by the Namibian government, which is in support of the research problem.

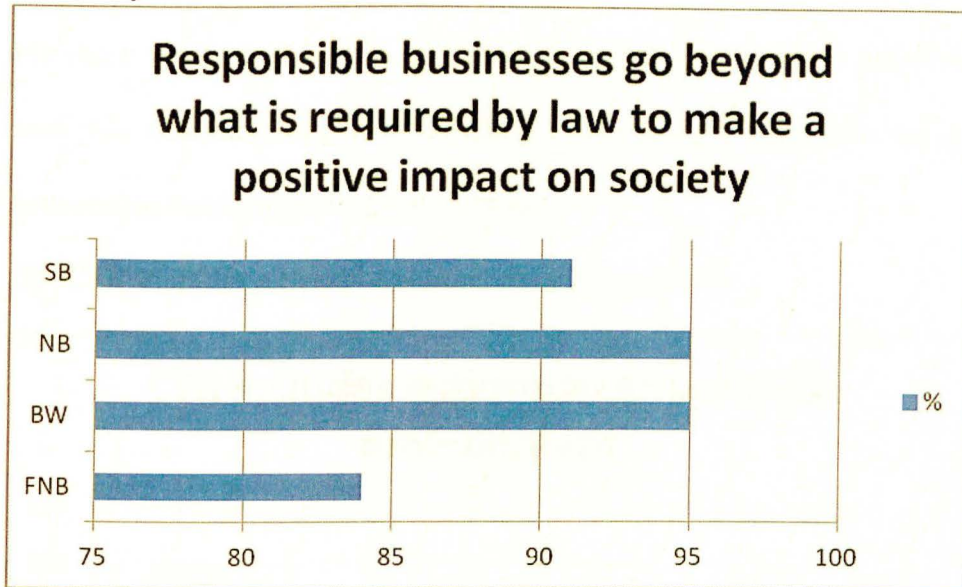
(6) A responsible company is a firm that strictly abides to labour and environmental laws:



Graph 5

There was no significant difference between the banks with 95% of FNB, 83% of BW, 95% of SB and 91% of NB staff agreeing that a responsible company is a firm that strictly abides to labour and environmental laws. This concludes that majority of employees understand CSR from the environmental perspective and hence there is a need to create awareness about the new concepts within the banking industry as discussed in the literature review.

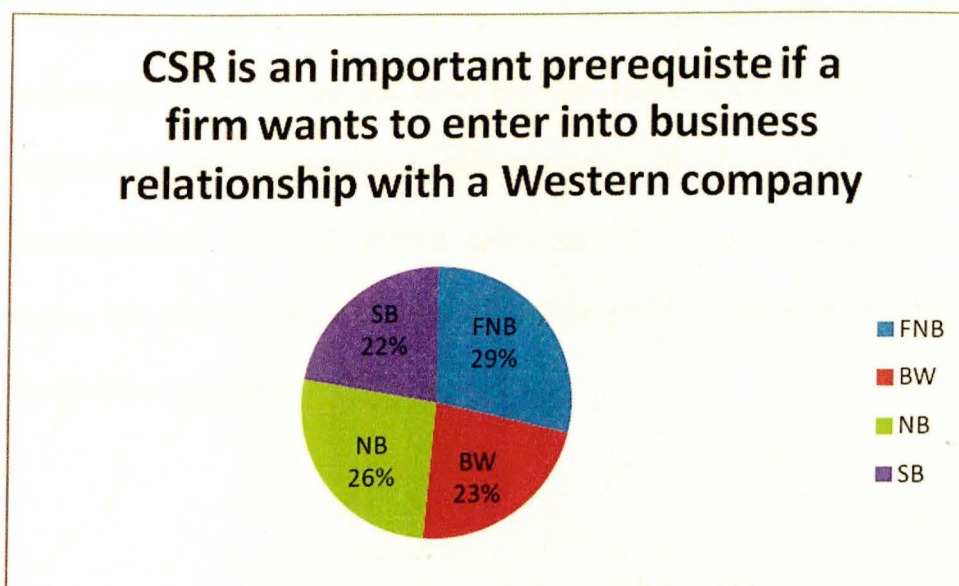
(7) Responsible businesses go beyond what is required by law to make a positive impact on society:



Graph 6

There was no significant difference between the banks with 84% of FNB, 91% of BW, 95% of SB and 91% of NB staff agreeing that responsible businesses go beyond what is required by law to make a positive impact on society. All banks have similar views on this statement.

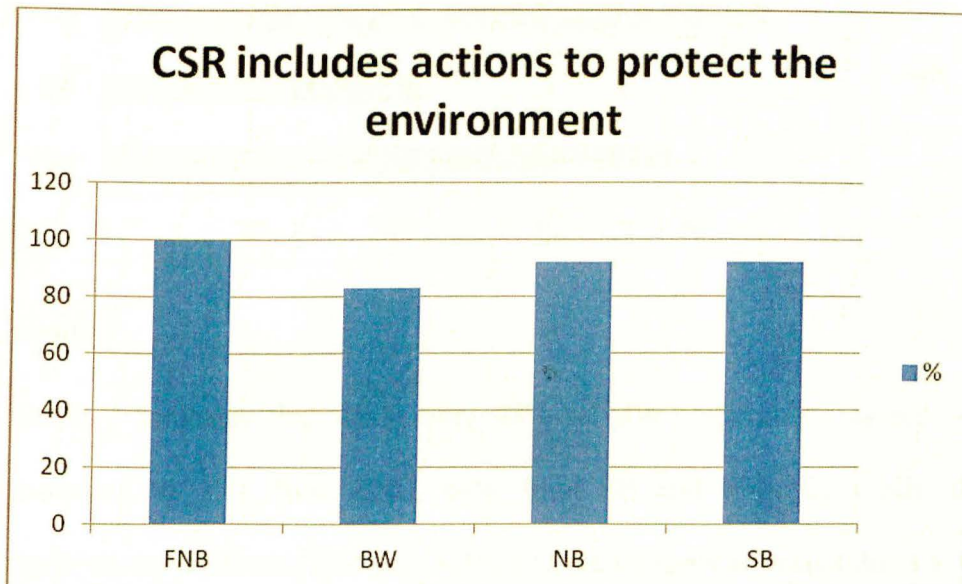
(8) CSR is an important prerequisite if a firm wants to enter into a business relationship with a Western company:



Pie chart 5

Pie chart 5 reflects that 81% of FNB, 64% of BW, 62% of SB and 75% of NB staff agree with this statement and therefore these conclude that there was no significant difference between the banks regarding this statement.

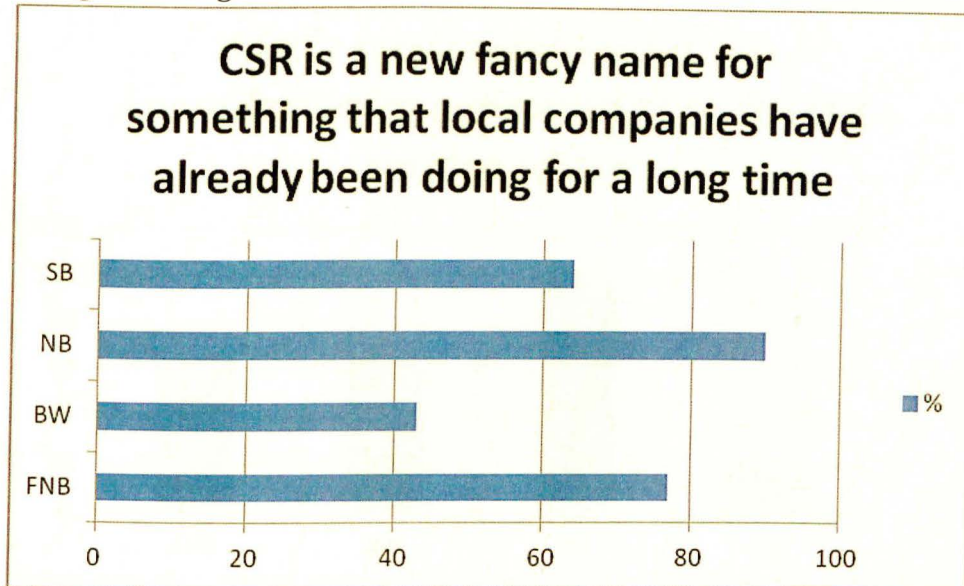
(9) CSR includes actions to protect the environment:



Graph 7

There was a high degree of agreement that CSR includes actions to protect the environment, with 100% in agreement from FNB, 83% from BW and 92% from SB and NB. However majority of these respondents think that the environment is mostly manufacturing oriented, and therefore they are not aware what the new CSR concept entails, how they apply the 3Rs, namely recycle, reuse and reduce waste; and from these employees' perceptions about CSR issues, it is clear that there is an awareness needed for CSR within the banking industry as per the problem statement.

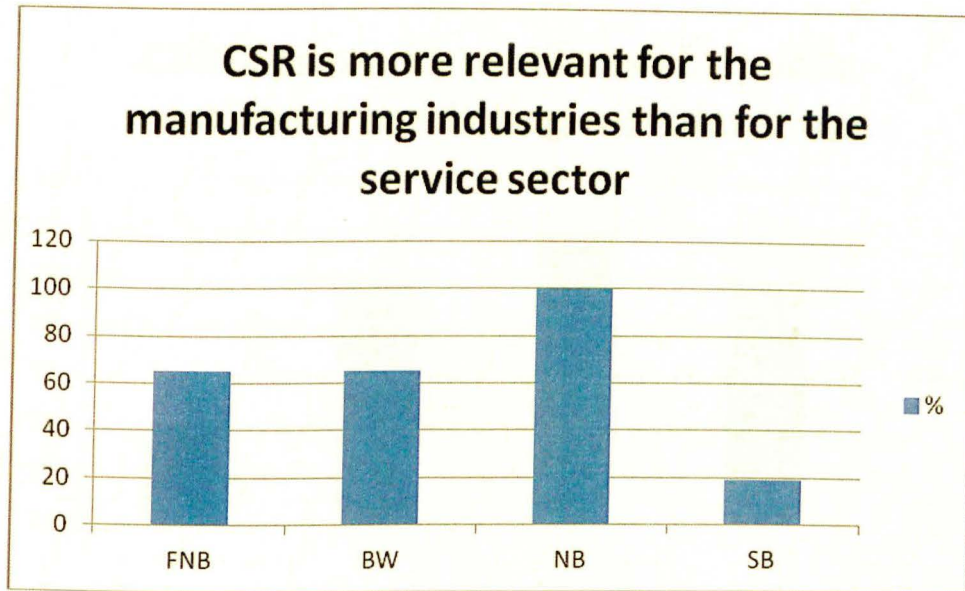
(10) CSR is a new fancy name for something that local companies have already been doing for a long time:



Graph 7

Graph 7 indicates that while only 43% of BW respondents agreed with this statement compared to 77% from FNB, 64% from SB and 90% from NB, the result was not significantly different. This concludes that the majority of respondents across the four banks clearly indicate that CSR is a new fancy name for something that local companies have already been doing for a long time; which implies that there is a lack of understanding of CSR within the banking industry as per our problem statement and research questions. This concludes that there is a lack of knowledge of the newer CSR concepts and most employees view CSR from the old theories.

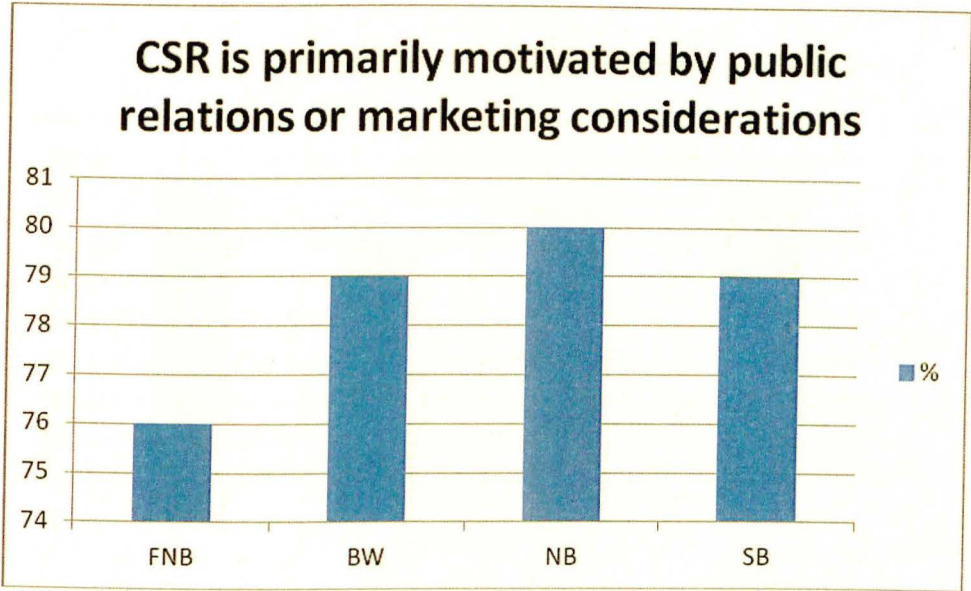
(11) CSR is more relevant for the manufacturing industries than for the service sector;



Graph 8

Again, Graph 8 indicates that respondents from SB viewed this differently from those of the other banks, with only 19% from SB agreeing, compared to 68% from FNB, 65% from BW and 100% from NB. The difference between the banks was therefore significantly different, $\chi^2(3, N=59) = 14.45, p = .002$. This concludes that some employees lack the understanding of CSR, and perceive it as an environmental issue and therefore apply more to the manufacturing sector than the service sector, as depicted in graph 8.

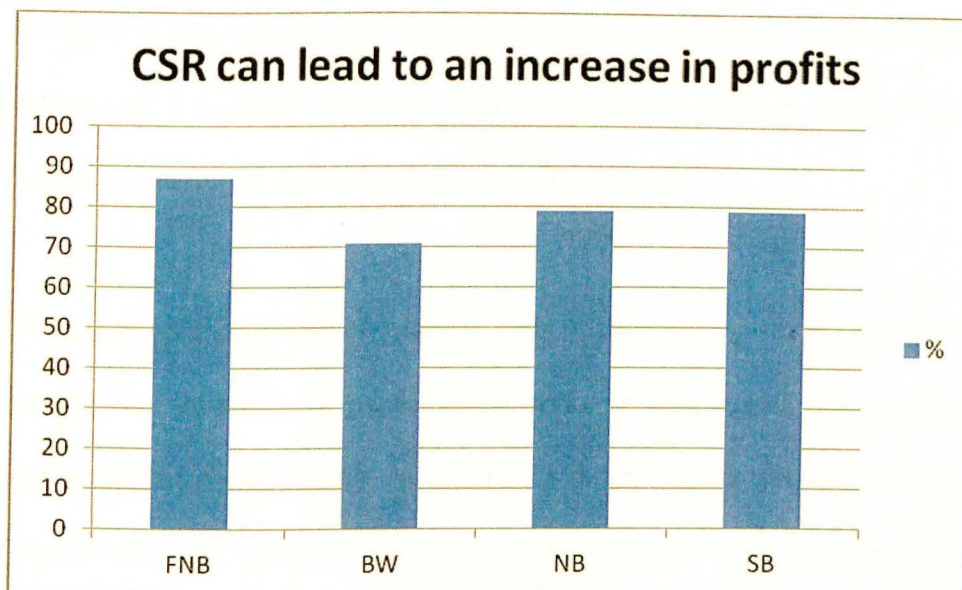
(12) CSR is primarily motivated by public relations or marketing considerations:



Graph 9

Graph 9 reflects that responses relating to this statement were similar from all the banks, with 76% of FNB, 79% of BW, 79% of SB and 80% of NB agreeing. This may indicate that the main motivation may not be CSR but that CSR is merely a vehicle for creating the desired image for the firm. This provides good support for the lack of understanding and knowledge of the role of CSR within the Namibian banking industry - why then do most employees see CSR as a marketing smokescreen, because banks do not walk the talk as per the problem statement and research questions.

(13) CSR can lead to an increase in profits:



Graph 10

As it can be seen from Graph 10, all the banks are in agreement that CSR can lead to better profitability, with 87% of FNB, 71% of BW, 79% of SB and all of NB respondents agreeing. One may safely conclude that the overall result of this table reveals that CSR can lead to an increase in profits.

4.4 FACTOR ANALYSIS

4.4.1 Key impacts of active CSR policies and practices

In the survey conducted, respondents were asked to rate what impact CSR has on 27 items for their impact on the firm. Respondents reported that the highest impact factors were “customer satisfaction” and “perception of customers about the firm” indicating that those firms that are visibly involved in CSR activities will tend to have more satisfied customers and their view of the firm will be positive. Items that did not appear to be impacted by the firm’s CSR activities were absenteeism rate, operating costs, export opportunities, risk management, credit and lending arrangements and acquiring tenders.

In order to better understand the impacts and influences of CSR activities, a more advanced analysis was required to reduce the 27 items into a few key factors. For this purpose factor analysis was run on the data relating to CSR impacts.

Statistical techniques factor analysis aims at discovering simple patterns in the relationships among the variables. In particular, it seeks to discover if the observed variables can be explained largely or entirely in terms of a much smaller number of variables called *factors*. The 27 observed variables were reduced over a number of iterations to 16 impact variables, which were grouped into 3 factors that explain how CSR can impact business and society. Variables that were cross-loaded across multiple factors were examined for the strength of their contribution to the factors and progressively eliminated over subsequent iterations.

The purpose of the analysis was to identify meaningful groups of impact variables that would define the underlying reasons for the adoption of CSR strategies. The 16 remaining observed variables were grouped into three factors with eighteen values ranging from 1.367 to 8.042 and accounted for 69% of the variances in the data. Component one accounted for 50% of the variance, component two 10%, and component three 9%. Keiser-Meyer-Olkin's measure of sampling adequacy was .878 and Bartlett's test was significant. The test results are presented in Table 10.

Table 10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.878
Bartlett's Test of Sphericity	Approx. Chi-Square	811.109
	df	120
	Sig.	0

4.4.2 The factor matrix

Table 11: Grouping of variables into factors

	Component		
	1	2	3
Media presence	0.91		
Brand awareness	0.898		
Community perception of firm	0.863		
Investor relations	0.825		
Government relations	0.778		
Perception of customers about the firm	0.772		
Reputation of the firm	0.557		
Profile of firm	0.469		
Quality enhancements		0.846	
Exports opportunities		0.813	
Employee turnover		0.753	
Market share growth			0.894
Market access			0.831
Pricing and value delivery			0.818
Competitiveness			0.79
Customer satisfaction			0.437

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.^a

Rotation converged in 6 iterations.

Eight items were loaded onto Factor 1 (media presence, brand awareness, community perception of firm, investor relations, government relations, perception of customers about the firm, reputation of the firm and profile of the firm). This factor was labelled “relationships” as they largely relate to how relationships and perceptions can be shaped by involvement in activities associated with CSR. The items loaded onto Factor 2 were quality enhancements, export opportunities, employee turnover. This factor was labelled “business opportunity” as the items tend to represent opportunities that can arise from being perceived as a socially responsible organisation. Five items were loaded onto Factor 3 (market share

growth, market access, pricing and value deliver, competitiveness and customer satisfaction). This factor was labelled “profitability” as the items relate to opportunities for increased profitability that can accrue through the involvement of recognised social responsibility activities and policies.

4.5 Respondent understanding of what constitutes CSR

The study required respondents to identify what in their opinion comprises or is related to CSR. Thirty items were identified in the questionnaire and they were based on the findings from the literature. The options provided were “yes”, “no” and “don’t know or not sure”. Table 12 below presents the views of respondents regarding what constitutes CSR.

The top five identified activities were:

- Supporting social and community welfare (86%)
- Offering scholarships to support education for the disadvantaged (82%)
- Supporting schools and education of community (80%)
- Making regular donations to charities (78%)
- Buildings play grounds or sport yards for the local community (77%)

Table 12: Respondent perception of what constitutes CSR activities

	N	Number	%
	Statistic	YES	YES
Waste separation	83	23	28%
Involvement of employees in decision making processes	83	41	49%
Introduction of codes of conduct about care for society and environment	81	53	65%
Providing job possibilities to handicapped people	83	48	58%
Offering training possibilities for employees	83	48	58%
Installing air condition and heating systems at workplace	82	27	33%
Sponsoring the local soccer team	83	58	70%
Improving data collection, measurement and filing systems	83	29	35%

Using energy saving light bulbs	83	35	42%
Introducing anti-corruption policies	83	43	52%
Prohibiting smoking at workplace	83	41	49%
Reducing air pollution caused by company cars	83	38	46%
Employing women in management positions	83	35	42%
Enhancing the quality of products or services	83	35	42%
Building play grounds or sport yards for the local community	82	63	77%
Keeping workplaces and machines clean	83	38	46%
Provide part time and home work arrangements for mothers	82	40	49%
Hiring staff belonging to ethnic minorities	83	39	47%
Entering into cooperation agreements with universities	82	45	55%
Cleaning procedures with reduced water consumption	83	36	43%
Supporting schools and education of community	82	66	80%
Offering scholarships to support education for the disadvantaged	83	68	82%
Supporting social and community welfare	83	71	86%
Caring for the environment	83	56	67%
Reducing the need for artificial light at workplace	81	35	43%
Using community resources wisely	83	47	57%
Collecting sold products from customers after the product life span for recycling	83	41	49%
Providing small occasional gifts to officials dealing with company matters such as registration or permits	83	38	46%
Proper labeling of products	82	41	50%
Making regular donations to charities	83	65	78%

The study required respondents to identify what in their perceptions constitute CSR activities

The top five identified activities were:

- Supporting social and community welfare (86%)
- Offering scholarships to support education for the disadvantaged (82%)
- Supporting schools and education of community (80%)
- Making regular donations to charities (78%)
- Building playgrounds or sport yards for the local community (77%)

The least five identified activities were:

- Waste separation (28%)

- Installing air condition and heating systems at workplace (33%)
- Improving data collection, measurement and filing systems (35%)
- Cleaning procedures with reduced water consumption (43%)
- Reducing the need for artificial light at workplace (43%)

From this statistics it is evidently clear that most employees perceive CSR as charity activities, and they failed to understand it that waste separation (28%) and cleaning procedures with reduced water consumption (43%) are essential elements of CSR, and this means employees do not give attention to this activities within their respective organizations. In conclusion most employees understand CSR as charitable activities, and therefore fail to understand CSR from its latest perspective. In the next chapter a summary and conclusion will be made, some recommendation for the future will be made.

CHAPTER 5

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter of the study, the researcher presents the overall findings from the study, appropriate recommendations and conclusions of this investigation. This study investigated the managerial perceptions and application of Corporate Social Responsibility Management in the Namibia banking industry. From the data presentation in the previous chapter it can be argued that the research objectives of the study have been met.

5.2 Summary of major findings

Results from the study indicate that there are poor employees' perceptions of corporate social responsibility in the Namibian banking industry. Employees do not understand corporate social responsibility and they have poor perceptions about CSR and therefore as a consequence, CSR is not well applied in the Namibian banking industry. As per the results most bankers understand CSR as donating or giving back to society and they fail to understand it as a sustainable usage of scarce resources for future generations.

Generally there is much that needs to be done in order to successfully implement CSR strategies within the banks' strategies. Management needs to communicate CSR strategies to employees within the organization and involve all employees in the CSR implementation. One may safely conclude that the overall opinion of the respondents who participated in this research indicated the lack of appropriate regulations from the government regarding CSR.

5.3 Conclusion and recommendations

The conclusions based on the research study are:

- Top management must educate middle and junior management and employees about CSR and its importance to the organisation and future generations.
- Through empowerment of employees, management should encourage employees to take ownership of the CSR strategy and the implementation process.
- Adequate training and employee education on CSR awareness should be implemented; the banks should incorporate CSR strategies into the banks' overall operational and strategic plans.

The major recommendations for this study are to encourage the Namibian banking industry's management to properly implement well-crafted CSR strategies. By communicating it well to all employees, what has to follow is to train the employees and empower them in the implementation process.

5.4 Directions for future research

The major weakness of this study is that it focused on a small sample size which does not give enough views on CSR; therefore there is a need to conduct a comprehensive study with the additional use of focus group discussions. Research is a continuous process. This research study recommends that further research should be undertaken to determine new thematic areas that are not covered in this study.

Similar research may be conducted in areas not covered by this research, which could involve investigating the general perceptions of Namibians about CSR and individual social responsibility.

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Appendix 1: CSR Questionnaire

28/10/2014

A study of managerial perceptions and application of Corporate Social Responsibility Management in the Namibia Banking Industry

You are being invited to participate in a research study about the level of understanding and application of Corporate Social Responsibility Management in the Namibia Banking Industry.

This study is being conducted by Salomo Tjitamunisa a student from the Faculty of Management Sciences of the University of Namibia as part of a thesis, or dissertation.

There are no known risks if you decide to participate in this research study. There are no costs to you for participating in the study. The questionnaire will take about approximate 10 minutes of time to complete. The information collected may not benefit you directly, but the information learned in this study will provide more general benefits.

This survey is anonymous. Do not write your name on the survey. No one will be able to identify you or your answers, and no one will know whether or not you participated in the study. Should the data be published, no individual information will be disclosed.

Your participation in this study is voluntary, I assure you that the information that you will provide will be treated in confidence and used solely for academic purposes only. You are free to decline to answer any particular question you do not wish to answer for any reason.

If you have any questions about the study, please contact Salomo Tjitamunisa at tjitamunisa@yahoo.co.uk, tell: 0812860050.

Yours Sincerely



Salomo Tjitamunisa

1. **Name of Organisation** _____
2. **Location (City)** _____
3. **For how long have you worked at this organisation** _____
4. How did you learn first about Corporate Social Responsibility (CSR) and responsible business practices? What activities do they include? Tick any

☐	Other Companies
☐	Local NGOs
☐	Business associations
☐	Chamber of Commerce and Industry
☐	Media
☐	Other

5. Which of the below definitions describes your companies CSR best in your opinion?
(You may choose maximum 2 of the options provided below)

CSR is a set of philanthropic activities a company carries out voluntarily on a sporadic basis in the local community

☐ CSR is the commitment of a company to strictly abide to national labour and environmental laws

☐ CSR is about promoting corporate fairness, transparency and accountability through a set of internal rules or processes by which businesses are operated, regulated and controlled

☐ CSR is a collection of occasional philanthropic practices, gestures or initiatives motivated by public relations or marketing considerations

☐ CSR is a comprehensive set of policies, practices and programs that are strategically integrated throughout business operations and decision-making processes to minimize the negative impact on the company's social and natural environment

☐ CSR is a formal process of relationship management through which companies engage with their stakeholders to align their mutual interests

☐ CSR is a concept aimed at achieving commercial success in a way that does not compromise the well-being of its employees or the local community

☐ CSR describes a decision-making process based on ethical values and compliance with legal requirements

☐ CSR describes the way in which a company manages its economic, social and environmental relationships, and the way it engages with its stakeholders (including shareholders, employees, customers, business partners, governments).

6. Please indicate whether you agree/disagree with following statements

		Agree Strongly	Agree	Neutral	Disagree	Disagree Strongly	NOT SURE Don't know
61	CSR is a resource intensive and costly concept						
62	CSR is the obligation of large multinational companies rather than of SMEs						
63	CSR needs to be strongly promoted by government						
64	SMEs can only commit to CSR if resources are provided by the government or other institutions						
65	CSR needs to be legislated to ensure a wide uptake						
66	A responsible company is a firm that strictly abides to labour and environmental laws						

67	Responsible businesses go beyond what is required by law to make a positive impact on society						
68	CSR is an important prerequisite if a firm wants to enter into a business relationship with a Western company						
69	CSR includes actions to protect the environment						
610	CSR is a new fancy name for something that local companies have already been doing for a long time						
611	CSR is more relevant for the manufacturing industries than for the service sector						
612	CSR is primarily motivated by public relations or marketing considerations						
613	CSR can lead to an increase in profits						

7. Please indicate, whether in your opinion the below listed activities form part of CSR

		Yes	No	Don't know or not sure
71	Waste separation			
72	Involvement of employees in decision making processes			
73	Introduction of codes of conduct about care for society and			

	company matters such as registration or permits			
729	Proper labelling of products			
730	Making regular donations to charities			

8. In your opinion, what impact does CSR have on the following issues?

		POSITIVE IMPACT			NEGATIVE IMPACT			NO IMPAC T
		HIGH	MEDIU M	LOW	HIGH	MEDIU M	LOW	
81	Perception of customers about the firm							
82	Productivity improvements							
83	Sales improvements							
84	Revenues growth							
85	Customer satisfaction							
86	Quality enhancements							
87	Exports opportunities							
88	Employee turnover							
89	Absenteeism rate							
810	Value added per employee							
811	Pricing and value delivery							
812	Market access							
813	Market share growth							
814	Innovation							
815	Competitiveness							
816	Risk management							
817	Reputation of the firm							
818	Brand awareness							

819	Media presence							
820	Government relations							
821	Investor relations							
822	Credit and lending arrangements							
823	Acquiring tenders							
824	Profile of firm							
825	Community perception of firm							
826	Perception of the business community about the firm							
827	Operational costs							

9. Describe briefly what benefits do you think your particular company could reap from engaging in CSR?

10. According to your opinion, what policies/practices/activities/ initiatives/mechanisms exist in your company that belong to the CSR domain?

COULD YOU PLEASE PROFILE THE FOLLOWING DETAILS

11. Your gender Female ☐ Male ☐
12. Age 18-25 ☐ 26-34 ☐ 35-44 ☐ 45-more ☐
13. Your position in the company / organisation
- Management (Top) ☐ Middle management ☐ Junior Management ☐
- Employees' ☐