

Effectiveness of Corporate Social Responsibility in Enhancing Company Image

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Abstract

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

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

1. Introduction

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

Global Perspective On CSR

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