MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

GRADUATE SCHOOL OF BUSINESS LEADERSHIP

CORPORATE SOCIAL RESPONSIBILITY IN ZIMBABWE: EMERGING TRENDS IN THE FINANCIAL SERVICES SECTOR (2009-2013)

BY

Harton Maliki

A Research Project Submitted to the Midlands State University (MSU) Graduate School of Business Leadership (GSBL) in partial fulfilment of the requirements for the Executive Master in Business Administration (EMBA)

October, 2014

Gweru, Zimbabwe

RELEASE FORM

NAME OF AUTHOR:	HARTON MALIKI
TITLE OF PROJECT:	CORPORATE SOCIAL RESPONSIBILITY IN ZIMBABWE: EMERGING TRENDS IN THE FINANCIAL SERVICES (2009-2013)
PROGRAMME FOR WHICH	EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION
PROJECT WAS PRESENTED:	(EMBA)
YEAR GRANTED:	2014

Permission is hereby granted to the Midlands State University Library to produce single copies of this project and to lend or sell such copies for private, scholarly or scientific research purposes only. The author reserves other publication rights and neither the project nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

SIGNED:	________________________________
PERMANENT ADRESS:	PLOT 4, ROTSVLEI ESTATE
	MARONDERA
	ZIMBABWE
DATE:	OCTOBER 2014

APPROVAL FORM

The undersigned certify that they have read and recommended to Midlands State University for acceptance, a dissertation entitled:

"Corporate Social Responsibility in Zimbabwe: Emerging Trends in the Financial Services Sector (2009-2013)"

Submitted by Harton Maliki in partial fulfillment of the requirements for the degree of Executive Masters in Business Administration (EMBA)

____

SUPERVISOR

____

CHAIRPERSON

____

LIBRARIAN

DATE: ____

DEDICATION

I dedicate this study to all the care givers, the education and health fraternity, environmental activists, individuals and corporate bodies who continue to sacrifice themselves for the greater good of our society.

ACKNOWLEDGEMENTS

I wish to acknowledge the following individuals for the various roles they played in the fulfillment of this study:

My supervisor, Mr. T. Sibanda of Midlands State University for his timely counsel, encouragement and constructive criticism. My lecturers for the entire EMBA programme. Each lecture has been part of the building blocks for this study. Your dedication to quality is unparralled.

Miss. J. January; Mr. T. Chabudapasi; Mr. J. Kwesha; Mrs. I. Chuma and Mr. L. Mutigwa for the commitment and dedication in collecting the data from various institutions and individuals.

To my wife Linda, my son TK and my lovely daughters Chikondi and Alinafe, family, friends, relatives and professional colleagues, thank you for the unwavering support and understanding. You kept me going even when the chips were down.

The Almighty God, who makes all things possible.

Contents

Abstract

This study focused on the emerging trends in Corporate Social Responsibility (CSR) within the financial services sector of Zimbabwe. Having noticed the continued decrease of the stakeholder image of the sector despite the relative growth and participation of this sector in the economic development, the researcher sought to unravel specific CSR activities that banks were partaking. The Zimbabwean banks have been accused of levying exorbitant charges on the poor client base, abusing customer deposits, failure to comply with the indigenization laws, failure to support the land reform with agricultural finance, failure to support the youth empowerment programmes, and poor market confidence as shown an estimated USD7,4 billion circulating in the informal sector. Whilst various scholars have attributed these to legacy issues of the pre-dollarization era, this study contends that the practice or lack thereof CSR is a key variable in the Banks regaining stakeholder confidence especially during the period 2009 to 2013 when the economy experienced relative stability. In this regard the study identified the activities, practices and policies of CSR evident in the Zimbabwe financial services sector and placed these within the development agenda of the country. Having identified these, the study analyzed the motivations for the type and level of CSR activity adopted. The study further assessed the existence of regulatory framework in Zimbabwe which would guide the practice, reporting and monitoring of the CSR activities. To achieve the above objectives, the study explored the literature on CSR where it noted the various schools of thought from the minimalist perception of Friedman (1970) that advocated that corporates should only focus on profit making, to the broad stakeholder school led by Carrol (1979) which have been further refined (Buchholtz & Carroll, 2009) to articulate that corporates have economic, legal, ethical and philanthropic responsibilities to the 'public'. The research applied the broader and inclusive school of CSR to the financial services sector. The researcher placed the broad CSR concept with the international, regional and national perspectives which identified standards and best practice on reporting, legislation, disclosure, employee engagement and budget spend. Questionnaires, interviews and secondary sources were used on the sampled banks in Zimbabwe with an 80% response rate that enabled generalization of the research findings. The research noted uncoordinated application of CSR in the sector, absence of consolidated legislation to drive consistency in the reporting, disclosure and financial allocation of CSR activities. There is no platform in the sector for sharing best practice and there is no senior leadership participation at Board level in the oversight and design of the CSR strategy. The research recommends the adoption of legislation which would guide the implementation of the CSR agenda, setting up of CSR Board Committee composed on independent non-executive directors and setting up a platform at Bankers Association of Zimbabwe to migrate and share best practice in the industry. The study recommends further studies on CSR within the financial services sector to assess the level of integration of CSR within the corporate strategy. Furthermore the study should aim to make recommendations on the guidelines/framework that can be used by organization to integrate CSR into the strategy.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter introduces the study on Corporate Social Responsibility (CSR) as a development tool in Zimbabwe, with a specific focus on the emerging trends in the financial services sector. The chapter focuses on the background to the study, the problem statement, research objectives and the attendant research questions. Furthermore the chapter seeks to reveal the significance of the study to the various interests whilst delimiting the area of study. Lastly the chapter seeks to show the conceptual framework, definitions and the limitations of the study.

1.2 Background to the Study

Zimbabwe, with a population of 13,2m as at July 2013, is rated Highly Indebted Poor Country (HIPC). As such Zimbabwe wishes to meet the Millennium Development Goals (MDGs) which broadly expects the country to stop the continued spread of HIV/AIDS, reduce extreme poverty by 50% and provide universal primary education by the December 2015 (Zimbabwe, 2014). Furthermore, the Zimbabwe scenario is worsened by the absence of economic resources where 80% of the government revenue base is absorbed by civil servants salary bill (Fiscal statement 2013/2014) which has reduced the role of the government in development spending which is critical for the attainment of the Millennium Development Goals.

The government has failed to rehabilitate the health delivery system; rural infrastructure and educational infrastructure, (Daily News 2014) which has created a development vacuum which begs the question whether Corporate Social Responsibility could be used in Zimbabwe as a development tool to meet the MDGs. CSR clearly has a key role to play as a developmental tool as Skinner and Mersham (2008) argues "... corporate involvement in development agenda is both necessary and expected, not least, companies do have much to offer in tackling poverty's manifestations in their often expansive areas of operation and influence."

According to the Monetary Policy Statement (January 2014), Zimbabwe had 21 operating banking institutions in addition to the licensed 146 micro-finance institutions. The sector commands USD4, 73 billion in deposits and USD3, 7bn in loans and advances as at 31st

December 2013. Despite this, the financial services sector is characterized by poor market confidence as shown by an estimated USD7, 4billion circulating in the informal sector (Daily News 2014). Whilst various scholars have attributed this to legacy issues from the pre-dollarization era, it is evident that Banks continue to lose market confidence due to the continued existence of corporate governance challenges as shown by the collapse of banks such as Interfin Bank, Renaissance Bank and Trust bank during the period under review (RBZ Press Statement 2012; Zimbabwean 2012; Zimbabwe Independent 2012; Financial Gazette 2012).

Furthermore, despite the rapid growth of the asset deposit ratio at industry level from 37, 3% in 2009 to 78, 29% as of December 2013 (Monetary Policy Statement 2014), there has been decreased stakeholder image of the financial services (Ventures Africa 2013) as not playing its role in the economic development of Zimbabwe. Banks have been accused of failing to fund the manufacturing industry and the agricultural sector (Ventures, 2013). In a survey conducted by the Zimbabwe National Statistics Agency (ZIMSTAT) in 2011, it was established that 40% of adult population were excluded from both formal and informal access to financial services (FinScope, 2011).

In 2013, there was a massive public and political outcry on bank charges, with Banks being seen as ruthless entities 'fleecing' the poor of their hard earned income (Mid-term Monetary Policy 2013). This outcry resulted in the government's intervention through the Central bank but despite the intentions of curbing excessive pricing, the intervention resulted in massive decline in banking industry profitability and ultimately the industry tax contribution. Whilst the pricing restrictions were uplifted, the 2014 Monetary Policy Statement requirement for approval by Central Bank remains a reflection of the lack of trust of banks by both the regulator and the general public. Furthermore, the Reserve Bank of Zimbabwe concern over the 66,67% non-performing loans out the USD175,3m insider loans (MPS- January 2014) in the total banking industry stresses the deterioration in the confidence of the banking industry to act in a socially responsible manner.

Despite various CSR activities in the financial services sector, there seem to be a rapid increase in negative publicity as seen in the media coverage and political statements. A balcony view of the CSR activities adopted by the financial services sector in Zimbabwe reveals a sector that has adopted diverse approaches to CSR. Broadly, CSR seem to occupy central space in Zimbabwe as seen by the Corporate Social Responsibility Conference held in Zimbabwe in 2013 but with concerns, for example, Jean Phillipson of the US Embassy noted that, "...many Zimbabwean companies do not traditionally engage in areas of public welfare. Neither business schools nor companies provide CSR training; companies that designate CSR responsibilities to employees view them as an extension of marketing. Most do not interact with public officials to outline shortfalls the private sector can fill. The result is that companies make decisions on CSR with limited background information." (Phillipson, 2013) When the financial services efforts are analysed within the context of CSR being a tool to achieve MDG's, the researcher becomes intrigued to understand the motivations of such initiatives. This study thus puts to test whether the CSR strategies adopted by the financial services sector has an impact of the MDGs. Furthermore the study seeks to put to test the assertion made at the Corporate Social Responsibility Conference in 2013.

Financial service providers, as corporate entities have a basic social responsibility to the stakeholders to deliver profitability. Such profitability is critical to guarantee jobs, guarantee tax obligation fulfilment and shareholder return among its key corporate responsibilities. If corporate organizations are viewed in this regard, then the researcher's interest is further focused on understanding how the financial services sector decides on CSR initiatives that have a strategic link to the organization whilst fulfilling the national development needs as expressed in the MDGs.

The European Banking Federation has acknowledged the importance of Corporate Social Responsibility that they have drafted "European Banking Sector Best Practices" which include areas such as Business Behaviour; Community involvement, Accountability, Environmental Awareness, Financial inclusion, Socially Responsible Investment and partnerships. Skinner and Mersham (2008) analyzed the trends and governance framework that has been adopted in South Africa to drive Corporate Social Responsibility and how these have impacted CSR in South Africa. Whilst research has been done in Zimbabwe on the CSR (Nyahunzvi 2013; Masuku and Moyo 2013) there has not been any academic effort to articulate the trends in Zimbabwe with a specific focus on the financial service sector. The researcher is thus interested in identifying whether the path taken by South Africa could be adopted in Zimbabwe by the financial services sector and the development stakeholder to achieve the MDGs.

1.3 Problem Statement

Zimbabwe is currently experiencing immense economic challenges which have seen the reduction of government spending on social and infrastructural space which is critical for the attainment of the MDGs. The government has failed to provide disaster recovery assistance in drought and flood prone areas resulting in hunger, poor health conditions and deteriorating education standards. This challenge has put pressure on the financial service sector in Zimbabwe, with stakeholders apportioning blame for failures to not only provide support to the economy but also failure to participate in community development projects. Banks in their individual capacity and through the Bankers Association of Zimbabwe have cited various efforts which point to their 'sincerity' in kick starting the Zimbabwe development Agenda. Thus, this study seeks to identify the CSR emerging trends in the financial services sector that have been designed to address the development needs of Zimbabwe. Furthermore, the study seeks to identify the existence of a governance framework that ensures that all financial services sector CSR efforts have a return to both the stakeholders and the financial institutions as corporate entities.

1.4 Research objectives

- To evaluate the existence of CSR activities, policies and practices in the financial services sector.
- To assess how CSR can be leveraged as a development tool by financial services players.
- To analyze what drives the decisions on the type and level of CSR activity adopted.
- To assess the existence of regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities.

1.5 Research Questions

- What CSR activities, policies and practices are in existence in the Zimbabwean banks (2009-2013)?
- What are the factors influencing the introduction of the CSR activities in Banks?
- What regulatory framework exists in Zimbabwe to guide the CSR activities?
- What guides the level of resources applied to CSR activities banks in Zimbabwe?

1.6 Significance of the Study

1.7 To Theory:

Preliminary investigations revealed that numerous studies on CSR in Zimbabwe (Nyahunzvi 2013; Chiheve 2013; Chipfakapfaka 2013; Masuku and Moyo 2013) but these studies have mostly focused on content analysis of financial statement and CSR in other industries. The study on commercial banks CSR (Chiheve 2013) was limited to commercial banks in Gweru. This study seeks to identify the emerging trends of CSR in the financial services sector, identifying the gaps if any, between the practice in Zimbabwe and the best practice in the global village. In this regard the study will add to the current stock of knowledge in identifying CSR areas banks in Zimbabwe can utilize.

1.8To Practice:

Preliminary investigations (CBZ 2012 Annual Report; Standard Chartered Bank 2012 Annual Report; MetBank 2012 Annual Report and TN Bank 2013 Annual Report) have revealed that Zimbabwean banks are involved in numerous CSR activities which in some instances seems not to have a link with the organizational strategies. Moreso when one considers that in 2011, only 24% of the population was banked compared with 63% banked population in South Africa (FinScope, 2011). During the period under review (2009-2013), the same investigations have revealed the increase in loss making institutions in the sector hence this study seeks to articulate these trends with a view to enable the CSR practitioners in the financial services sector with a reference point on how they should position CSR in Zimbabwe. Furthermore, the study may enlighten the financial services sector on ways to regulate and structure the CSR activities within the financial services industry by adopting the best practice from the international and regional financial landscape.

1.9 Conceptual Framework

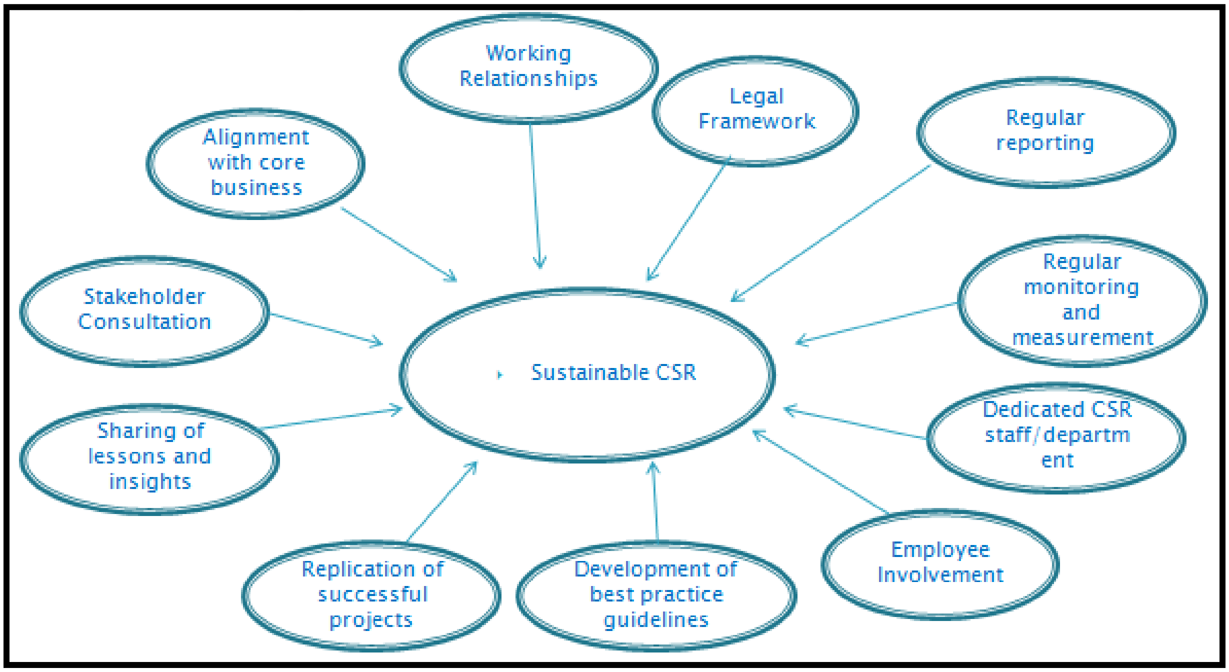


Figure 1.1Conceptual Framework

The study was anchored on the conceptual framework above whereby sustainable CSR was viewed as activities that have alignment between the MDGs and the corporate strategy. This state of affairs is seen as dependant on the existence of numerous factors that include legal framework, stakeholder consultation and regular monitoring and measurement (Skinner & Mersham, 2008). For an organization to have sustainable CSR there should be a clear set of regulations which guide the practice of CSR thus ensuring there is a standard of measure which allows regular monitoring. The practice of CSR requires high levels of disclosure by the players which will facilitate the development of best practice, sharing of lessons and insights and the resultant replication of successful projects which creates the much needed multiplier effect.

The multiplier effect on the CSR activities is greatly enhanced by the level of stakeholder consultation which brings buy-in and creates additional resources to be applied to CSR as organizations leverage on the employee involvement and working relationships to create sustainable CSR.

1.10 Scope of the Study

1.11 Geographical and Population Scope

This study was carried out in Harare, Zimbabwe at Head offices of 6 purposively sampled commercial banks which represent the diversity in the banking industry. Three international banks and three local/indigenous banks were studied. Furthermore, the Reserve Bank of Zimbabwe, Bankers Association of Zimbabwe and Ministry of Local Government was studied. The driving force behind this selection is to ensure that the sample size is reflective of the stakeholders who either impact or have a bearing on CSR within the financial services sector. The study considered top management of the selected entities who are viewed as possessing in-depth information pertaining to the study at the finger tips as they formulate and facilitate the CSR strategies in existence.

1.12 Time Scope

The study considered the period 2009 to 2013 characterised by relative stability on the macro-economic front as banks returned to profitability during this period and had the opportunity to make a strategic decision to participate in the CSR activities. Furthermore, during this period the stakeholder expectation for government to regain ground in attaining the MDGs was expected as the government revenue base had been restored.

1.13 Theoretical Scope

As set out in the research objectives, the study examined literature on CSR from a broader conceptual framework then reviewed how this concept is applied within the financial services sector from a global, regional and national perspective. It also reviewed the MDGs as a development standard, and the role of CSR in attaining the MDGs. Furthermore the study focused on the international and local trends on the CSR activities whilst identifying the best practices within the field of study.

1.14 Methodology Scope

The methodology to be approached includes the following:

- The population of study was the 17 commercial banks in Zimbabwe whose Head Offices are located in Harare. The researcher purposively selected 6 banks from this population as representative of the population. These banks were selected from the 3 tier banking structure introduced in June 2014. Furthermore the respondents within these 6 banks were limited to employees of managerial level as they are resource rich for the subject matter.
- Data Collection was done using questionnaires and interview guides to collect primary data from the respondents. Content analysis was done on the secondary data which had been collected from the internet and from government publishers. The data was analyzed and presented using a phenomenological approach.

1.15 Limitations of the Study

1.16 Participants reluctance

Given that the respondents were drawn from senior management, some of the respondents were reluctant to participate in the study as the information could potentially be viewed as organizational competitive advantage data. To mitigate this, the purpose of the study, the benefits of study and how the researcher would respect anonymity and confidentiality was assured to the respondents. Furthermore, the introductory letters from the MSU Graduate School were used to seek approval from the entities to conduct the research. With such tools, the researcher managed to allay the fears resulting in the researcher obtaining cooperation from the respondents.

1.17 Lack of time on the participants.

The study focused on interviewing senior management who ordinarily has limited time to dedicate to the research questions. This failure to get time with respondents can potentially delay the collection of data. In mitigation, the researcher personally conducted some of the interviews as opposed to questionnaires. This ensured that the interviews were short and focused and leading questions or emerging topics were attended to in the same meeting.

1.18 Definition of Terms and Lists of Acronyms

1.19 Definition of terms

Development- for this study, this is defined as the 8 goals set out in the Millennium Development Goals, namely reduce poverty and social exclusion; achieve universal primary education; promote gender equality and promote women; reduce child mortality; improve maternal health; combat HIV/AIDS and tuberculosis; ensure environmental sustainability and partnership for development.

Financial Services Sector- for this study, this has been limited to the commercial banks operating in Zimbabwe who are seized with receiving deposits from the market and lending funds to the market.

1.20 Lists of Acronyms

- **CSR-** Corporate Social Responsibility
- **CBZ**- Commercial Bank of Zimbabwe
- **HIPC** - Highly Indebted Poor Country
- **MDG** - Millennium Developmental Goals
- **RBZ**- Reserve Bank of Zimbabwe
- **HIV**- Human Immune Virus
- **AIDS**- Acquired Immune Deficiency Syndrome
- **MPS**- Monetary Policy Statement

1.21 Chapter Summary

This chapter which is at the core of the research study on the emerging trends in CSR in Zimbabwe with a focus on the emerging trends in the financial services sector, covered the background of the problem, problem statement, research objectives, research questions, significance of the study, delimitation, conceptual framework, limitations and the definition of the terms and acronyms. With the scene set in Chapter 1, the next chapter will be seized with Literature review of the area of study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter explores literature related to the study. The chapter looks into how Corporate Social Responsibility (CSR) is defined and its benefits. Furthermore, the chapter seeks to place CSR within the global, regional and local context and the instruments used at various levels.

This chapter seeks to leverage on literature review to identify best practice in CSR within the global, regional and local context. This effort is relevant in that it allowed the researcher to explore the research objectives within the academic terrain, identify the gaps and seek to fill such gaps.

2.1 Purpose of Literature Review

The purpose of the literature review in the research study of the emerging trends in CSR in the financial services sector in Zimbabwe is to identify the leading voices emanating from published researches. The review will also identify best practice in CSR in the global and regional space, whilst reviewing the gaps in the published literature. Furthermore, the literature review in this chapter will seek to provide an in-depth understanding of the subject, articulating key arguments on the subject whilst providing the researcher's perspective within the given arguments.

2.2 Corporate Social Responsibility (CSR) Defined.

CSR has been broadly defined as the responsibility of business entities for their resultant impacts on society at large. Business has economic, legal, ethical and philanthropic responsibility on society (Buchholtz & Carroll, 2009). Thus CSR entails a scenario where business finds ways to integrate social, environmental and human rights into their activities. More recently most corporates have been urged to integrate these rights into their core operations and strategies. Globally the notion of corporate social responsibility is commonly ascribed to good and fair corporate citizenship, and in some settings like South Africa, in an effort to prevent the perception of responsibility being assigned to apartheid legacy issues, has been referred to as corporate social investment (CSI) (Skinner & Mersham, 2008). It is thus important that the terms CSI is not materially different in concept with CSR hence will be used interchangeable in the literature review.

2.3 Key Issues in CSR

The field of CSR has evolved over a period emanating from the Friedman's (1970) minimalist perspective of CSR as being attainment of shareholder value expectations to Carroll's (1979) broader and inclusive perspective of CSR. (Galbreath, 2009) Carroll elucidated four main components of CSR, which mostly reflect the economic, legal, ethical and philanthropic responsibilities that business has on its society. Thus Buchholtz and Carroll (2009) simplified the concept by asserting that business should operate in such ways as to be profitable, obey the laws of governing bodies and adopt ethical standards while at the same time being a good corporate citizen. In this regard, the identification of CSR activities being done by a corporate body should clearly show how the corporate is structured along these 4 key pillars. This study thus makes a case that, only when CSR activities are executed on these 4 pillars will they attain the perception of being critical from a stakeholder point of view. Businesses organizations do not exist in a vacuum but in a society made up of the employees, customers, government, neighboring environment and other stakeholders.

CSR has been empirically shown to contribute to overall business performance, with business gaining good reputation (Esen, 2013), enhanced labour efficiency and increased productivity (Sanchez & Benito-Hernandez, 2013). This tallies in well with the notion that CSR can be regarded as an investment in itself, which has led to some sectors adopting the label "corporate social investment" (CSI) (Skinner & Mersham, 2008). CSR activities also help in the recruitment and retention of employees especially where business upholds labour rights and does not engage in unfair labour practices such as forced or child labour. Communities mostly expect that corporates engage in a lot of philanthropic and ethical activities (Buchholtz & Carroll, 2009). Such activities include, provision and production of safe products, avoiding polluting the environment, ensuring good and safe occupational conditions for employees, contributing to public revenue and participating in poverty alleviation programmes among others.

The broad view of CSR in the financial services sector demands that corporates also look at issues of conduct in the way they deliver their products/services as this has a bearing on the development of a society. Given that access to housing, education, infrastructure development, life planning and health now require financial services (Gibbons, 2011) as the government has withdrawn from this space under the pressure of tightening economic environment, financial inclusion becomes a key corporate social responsibility for banks. In this regard, banks are expected to review the product deployment costs, the financial footprint and customer value proposition within the strategy to ensure that they develop financial inclusion models that are profitable. The failure, or rather slow uptake of this by banks has resulted in the entrance of non-traditional players such as mobile operators who have built models that profitably manipulates this excluded market segment. The Safaricom owned M-Pesa in Kenya is estimated to handle transaction volumes equivalent to 60% of Kenya's GDP through its 15 million users. (Heinrich, 2014)

Banks should therefore conduct their affairs while promoting the interests of all the stakeholders not just considering shareholders. (Cannon 1992; Davis & Blomstrom 1975; Lunden 1988) further argue that the interdependence of business and society places a managerial obligation to take action to protect and improve both the welfare of society and the interest of their organizations. Accordingly, banks have other equally-important social responsibilities aside from profit maximization. The financial service sector in Zimbabwe as the key driver of economic development thus carries an obligation to the stakeholders to set the tone for the implementation of CSR not only within the sector but in the broader economic realm.

2.4 Benefits of Sustainable CSR

The International Standards organization, through the ISO 26000:2010 sums up the benefits of "…CSR perception and reality of an organization performance…has an influence on competitive advantage; its reputation; ability to attract and retain workers or members, customers, clients or users; maintenance of employee's morale, commitment and productivity; the view of investors, owners, donors, sponsors and financial community; and its relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates". (http://www.iso.org/iso/home/standards/iso26000.htm) With such immense benefits (Leonard &

McAdam, 2013) to the organisation, it is paramount that corporate leaders find a way to place CSR within the daily operations of the organisations (Galbreadth, 2009) as they cannot afford “to turn a blind eye”. (Mandimika, et al., 2008)

The adoption of CSR as an integral part of company’s activities in making positive contribution to the society which can be linked to a firm’s sustained growth is well supported by researchers (Cecilia & Schants, 2007) who argued that companies need to address two aspects of their operations; the quality of their management both in terms of people and processes and the nature of quantity and their impact on society in the various areas. By placing CSR in their daily activities such as lending decisions whereupon banks will assess all new projects from a social, ethical and economic (SEE) risk perspectives before extending financing, they will multiply their impact on economic development through driving the right SEE considerations. Globally, due to the threat of terrorism and money laundering, banks have found their actions and decisions being put to a higher conduct test with the resultant failures costing the sector huge financial penalties. A review of the Zimbabwean literature review does not show an increase in the regulatory attention from the Zimbabwe financial services regulatory authorities, though globalization has heightened the expectations of the banks in order to attract investors and to earn ratings that will facilitate international trade rights.

One of the key benefits of CSR as presented in this research is that it fosters employee engagement through involving employees in the strategic role of designing the company’s CSR strategy and in the actual execution of the chosen projects as the entity progresses to philanthropic activities. When employees are engaged, the quality and turnaround of products is enhanced and there is a free flow of new ideas on how to improve the working environment. Employees thus take ownership of the organization and seek to identify with the organization for the good it represents in the society. In South Africa, the 2006 CSI Handbook research showed that in 60% of the respondents for the companies subjected to a review of the CSR activities, there was employee involvement in the creation and execution of the CSI strategy (Skinner & Mersham, 2008). Best practice from global banks has shown the trend of setting employee volunteering targets in their local communities which are disclosed to the ‘publics’ as part of the CSR strategy for the Banks. In 2010, CitiBank employee volunteers logged in 608 953 volunteers hours (Citi, 2014) whereas Lloyds Goup in 2010 commenced its "Days To make a diference programme" which set a 2015 target of attaining 1 million employee volunteering hours (Lloyds, 2014). In light of this, this research paper will seek to unearth the level of employee participation in the CSR activities of financial institution in Zimbabwe.

In the publication 'Making Good business Sale, the World business council for sustained development, as written by Lord Holme and Richard Watts (when???), reinforces 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 as a key ingredient to economic development. CSR is the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, which create wealth and improve society (Balmer & Greysner, 2006).

A review of the best practice in South Africa financial services sector, shows that banks have set up Board Committees in conformity with law composed of independent non-executive directors tasked with oversight on ethical and compliance issues. First Rand Merchant Bank has a board committee called the Transformation Monitoring Committee which has oversight of the implementation of Black Economic Empowerment (BEE) which focuses on "BEE reporting…, employment equity and talent management, accelerated development programme and transformation scorecard" (Rand Merchant Bank 2013 Annual Report). Furthermore the bank has a Social and Ethics Sub-Committee of the Directors Affairs and Governance Committee set up in compliance with statutory instrument, Section 72 and regulation 43 of the South African Companies Act 71 of 2008, constituted exclusively of independent non-executive directors. The executive officers (Chief Executive Officer; Chief Finance Officer and Chief Operating Officer) attend the meetings as ex-officio members. (RMB 2013 Annual Report).

Corporate Responsibility is consistent with economic and financial performance according to a study undertaken by Deloitte based on surveys of the Financial Managers of 113 companies at national level, focusing on the trade, financial, industrial and service sectors. Companies are, without any doubt, not only interested, but also involved in actions and sustainability programs. Most see a direct relationship between sustainability and their overall business strategy. Fifty-eight percent of Financial Managers believe that there is a strong link between their company's sustainability and its economic performance. This level of sustainability can only be revealed when one analyses the activities, policies and practices that Banks are involved in

Despite this realization of the link, there are inconsistent levels of reporting and disclosure for CSR/CSI. The disclosure of the various activities facilitates the development of best practices within the financial services sector which enables the replication of successful projects and the resultant multiplication of impact (Skinner & Mersham, 2008). At a global level, there has been the introduction of various reporting and disclosure instruments such as the 2010 Global Reporting Initiative Financial Services Sector Specific Guidelines; European Banking Sector Best Practices in CSR and company CSR reports (Gibbons, 2011). At Africa regional level perspectives, outside the JSE which has adopted the JSI index, researchers have noted modest disclosure levels (Ponnu & Okoth, 2009) through the annual reports. When one looks at the plethora of activities that have been done by corporates in the broader CSR perspectives, it can be argued that to a greater extent the reporting argument is rather one of lack of uniform consolidated reporting.

Auka (2006) did a study on factors influencing the practice of CSR on financial decisions in Kenya with the objective of determining factors influencing the practice of CSR in the financial institutions and the benefits they derive from CSR. His conclusions were that corporate image, moral obligations and need to solve societal problems are the major factors that had the greatest influence towards practice of CSR. Balmer & Greysner (2006) noted that in recent years firms have greatly increased the amount of resources allocated to activities classified as Corporate Social Responsibility (CSR).

In a study by Kweyun (1993) on managerial attitudes towards CSR among commercial banks it was found that profitability was the most dominant objective of engaging in CSR activities. The findings of these studies among others, have resulted in the increase in the amount of resources allocated to activities classified as CSR (Blamer and Greysner; 2006). Despite such increase in CSR spending, O'brien (2011) did a study on the relationship between CSR and financial performance of companies quoted at the Nairobi Securities Exchange (NSE), and the effect of industry size, sector of the business activity and the ownership structure. The results of regression analysis showed no relationship between CSR and financial performance of all companies listed at NSE.

2.5 Global perspective

As mentioned earlier the concept of CSR is ubiquitous and is widely accepted across the globe. The way it is applied however differs widely across countries (Matten & Moon, 2008), with some scholars arguing that there is more need for CSR in the developing world (Dobers & Halme, 2009). This is mostly due to fact that most governments in the developing world struggle to provide social needs and this gaps inevitably has to be filled in by the business sector. The main goal of fostering CSR is to foster sustainable development and alleviate poverty, an agenda which is in line the United Nation's Millennium Development Goals. As a developing country, Zimbabwe thus needs to assess how it can leverage CSR to fill the social needs gap which the government cannot fill due to prevailing economic challenges. Whilst there are numerous global instruments and initiatives which have been adopted over the years such as UNEP Equator Principles; ILO Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy; UNHCHR Business and Human Rights; UNODC Anti-corruption; UNCTAD Corporate Responsibility Reporting, World Investment Report and the UN Guiding Principles on Business and Human Rights , this paper will limit its focus on 4 key instruments which have global impact and is set to influence the practice and discourse of CSR in the foreseeable future.

Furthermore, as Dobers and Halme (2009) argue that global Corporates illegally take out from the developing world to the richer nations as much as ten times the amount of aid that is purportedly given to poor countries, a phenomenon which they assert contributes adversely to worsening social and political situation in these nations. Whilst global initiatives are needed to curtail such activities, poor countries such as Zimbabwe can regulate for a structured approach to CSR by the corporate world which would ensure sufficient resources are ploughed back into the country. This approach to CSR would thus reduce the disequilibrium in the power dynamics when attracting foreign direct investment. Furthermore, the global Corporates in the financial services sector should be at the centre of migrating best practice in CSR into the developing countries such as Zimbabwe.

2.6 Global Instruments

The OECD Guidelines for Multinational Enterprises 2011 Edition clearly sets guidelines for enterprises operating in the global space, that articulates the imperative requirement to respect the rights of workers, elimination of compulsory and child labour, ensuring equality in all forms of employment relationships and "… to the greatest extent practicable, employ local workers and provide training with a view to improving skills levels, in co-operation … with the relevant governmental authorities". Furthermore, the guidelines sets a requirement for the same multinationals to implement a "system of environmental management" that ensures that enterprise policies, systems, product development are driven by engagement with local stakeholders with disclosure and minimization of environmental impact of the operations being central to the entity. (http://www.oecd.org/daf/inv/mne/). Such clarity in guidelines thus sets the imperative for multinationals to ensure that CSR is at the centre of the corporate strategy (Galbreadth, 2009), though when analyzed in the context of effectiveness of the same in the Third World, the power dynamics and 'desperate' need for international investments has led to a situation where the guidelines are compromised in practice. For countries such as Zimbabwe, the creation of jobs and collection of taxes thus overshadows some of the CSR imperatives such as quality of working environment and the engagement of stakeholders in the environmental impact of their activities. The financial services sector, as the key provider of capital to the global corporates thus carries a direct responsibility to assist the weaker national authorities in making CSR a reality through the SEE approach a pre-requisite in accessing capital.

The United Nations through the UN Global Compact initiative has set up ten principles which business partners are expected to adopt within their 'sphere of influence'. The 10 principles cover 4 core areas, namely human rights (with 2 principles committing companies to eliminate human rights abuses); labour (4 principles covering equality, employee rights and removal of child and forced labour); environment (3 principles covering the adoption of technologies and policies that drive environmental sustainability) and anti-corruption (1 principle committing to elimination of all forms of corruption). The Global Compact has set 3 levels which reflect the levels of integration that a participating company has achieved as set out in the annual disclosure to stakeholders through the Communication on Progress (COP). There is the 12 month entry level called Learner's Platform in which the company has not met the full 10 principles; followed by the Global Compact Active wherein the company has met all the 10 principles and the highest level of Global Compact Advanced level wherein the company discloses its support to UN goals and "corporate sustainability governance and leadership" in addition to the 10 principles. (http://www.unglobalcompact.org/). As of the 3rd September 2014, there were 1123 companies at GC Advanced level, 13 170 companies at GC Active level; 2 697 companies at GC learners level; 1 978 non-participating participants and 4 613 expelled companies. It is thus clear that a company can reap immense advantages such as enhanced goodwill; brand recognition and growth in share price from the attainment of such global recognition in CSR. Whilst the Global Compact received 567 joiners in the first half of 2014, it also expelled 285 companies over the same period reflecting the importance of membership to this elite group. (https://www.unglobalcompact.org/news/1151-07-14-2014). The adoption and recognition of such Global thresholds can be enhanced by the financial services when they are intergrated within the business strategy in aareas such as pricing matrix for lending and marketing tie-ups.

The UN Principles for Responsible Investment entails an approach to investments made by businesses, that clearly acknowledges the investor's relevance to environmental, social (Leonard & McAdam, 2003) and governance (ESG) factors. This approach expects business and investors to adopt a broader outlook, whereby they acknowledge the broad spectrum of potential risks and opportunities they may encounter for effective and targeted allocation of financial resources in a way that is cognizant of the interests of stakeholders and communities they operate in. Under the concept of responsible investment, the United Nations has drafted six key principles which are to integrate ESG factors into investment analysis, to include ESG issues into ownership policies, to seek appropriate disclosure on ESG issues, to universally promote acceptance and implementation of these key principles, to foster effectiveness in implementing the principles of responsible investment and to ensure proper reporting of activities and progress achieved in the implementation of the principles.

The ISO 26000:2010 Guidance Standard on Social Responsibility instrument calls for improving the social performance of organisations. It seeks to focus attention on CSR as a broad discipline that covers the end to end discourse of CSR along 7 core parameters, namely (i) Organisational governance; (ii) human rights; (iii) employee issues; (iv) ecological issues; (vi) conduct and (vii) society engagement and upliftment. (http://www.iso.org/iso/home/standards/iso26000) (Leonard & McAdam, 2013) This framework, arguably the most inclusive framework, thus broadens the UN Global Impact and sets practical guidelines which can be adopted by all stakeholders in the creation, adoption and enhancement of CSR as a developmental tool at both micro and macro level. Furthermore, the ISO 26000:2010 sets the tone and base for a universally acceptable way to assess CSR. The ISO 26000:2010 thus provides a base upon which the policies, practices and activities being developed in both an organisation and within the country can be referenced upon. The research thus sought to assess the level of progress in Zimbabwe financial services sector in attainment of the ISO26000:2010. It should be noted, though, that ISO 26000:2010 does not provide endorsement and/or status unlike other ISO hence in its current form it has limitations in its practical implications unless when its principles are adopted by local regulatory authorities to give it legal effect.

2.7 Regional perspective

The most salient and well documented CSR examples in the Sub Saharan Africa region come from South Africa (Skinner & Mersham, 2008). In response to the international focus on sustainability and the promulgation of the King Codes, the Johannesburg Stock Exchange (JSE) introduced the JSE Socially Responsible Index (SRI) in May 2004 with the objectives, among others, to influence listed companies to integrate "…pro-poor initiatives" into Company Strategy and motivate entities to adopt socially responsible practices in their policies, systems and daily operations with a clear "… measurement conducted against a holistic set of environmental, social and governance (ESG) …and… climate change" (http//:www.jse.co.za). The JSE SRI has been very successful, growing from 51 companies out of the 74 listed in 2004 to the entire JSE being included in 2013.

Furthermore, South Africa through the CSI handbook, the CSI conferences and the CSI write-ups created and coordinated by the Trialogue, they have managed to create a platform upon which the role, impact and direction of CSI is constantly under focus. Annually the Trialogue collects national data and scholarly articles from the individuals interested in this field to report on how much has been dedicated to CSI, in what form and with what impact. The CSI handbook of 2006, noted that USD400m had been allocated to CSI budgets in the 2005/2006 financial year (Skinner & Mersham, 2008), and the focus for the expenditure is on education, community services and health which absorbed 71% of CSI expenditure in 2013. (Magwaca, 2014)

The CSI platform is critical when one analyses the difficulties within Africa to address the CSR issues. One of the key challenges for CSR in Africa has been and continues to be, the migration of best practices, where corporates can share the success and challenges that they encounter when setting their business to lead the CSR agenda. The Trialogue through the CSI Matters aims to address this through conducting various conferences and publishing lead articles which gives access to the business leaders on emerging views on the subject. In the article, Corporate Leaders drives social change, CSI Matters profiled Sizwe Nxasana, the CEO of FirstRand as a servant leader who in addition to the allocating 1% of the Bank's net profit after tax to CSI initiatives, has championed the 32,000 employees to give a total of 100,000 person days to CSI. (Mathews, 2014). Furthermore the article makes the case for the role of the CEO in CSR as being the ambassador, ensuring the right skills are assigned to drive the agenda, role modelling the values of the organisation and intergrating the aligned CSI initaives into the organisational strategy. (Mathews, 2014)

From the above, it is clear that South Africa has assumed a leading role in CSR in the African continent. However some scholars like Fig have argued that most CSR activities in the country are mainly done as a self-serving measure and that they are largely cosmetic (Skinner & Mersham, 2008). These scholars also put forward the notion that most businesses in South Africa prefer to make use of the concept of corporate social investment instead of CSR.

For the rest of the continent, the most noticeable CSR activities include philanthropic activities conducted by businesspersons such as Bill Gates, George Clooney and Leornardo di Caprio (Dobers & Halme, 2009). Programmes such as NEPAD have also been instituted in Africa in an attempt to implement and monitor sustainable development (Skinner & Mersham, 2008). In much of Sub-Saharan Africa the principle of humanism or 'ubuntu' runs deep, and this calls for humanity to treat each person as a brother. Thus ideally corporates would feel obliged to contribute to the ‘brother’s’ welfare. In reality though, this may not always be the case since some corporates only engage in CSR only as a marketing strategy aimed at benefitting a minority shareholders and not entire communities. This is evident in a number of businesses on the continents that do not involve employees in CSR (Ayobami & Ofoegbu, 2012), evades taxes and is involved in illicit financial dealings or who engage in unfair and authoritarian labour practices.

2.8 National perspective

Although recently, a number of empirical papers have been written on CSR in Zimbabwe (Masuku & Moyo, 2013; Chiheve, 2013; Nyahunzvi, 2013), few have focused solely on the financial sector. Perhaps the most prominent CSR activities in Zimbabwe is the philanthropic activities of Econet Wireless through its “Econet in the Community” initiative (Masuku & Moyo, 2013); the development of the mining towns such as Shurugwi, Zvishavane, Hwange, Kadoma and Bindura (Gapare, 2010). In line with the economic responsibility (Bucholtz & Carroll, 2009), the research on SMEs in Masvingo established that Internal Corporate Social Responsibility was a key lever in creating competitive advantage for the SMEs (Bhasera, 2013). Zimbabwe has experienced an increase in the CSR activities from the broad spectrum of industries as shown through the published accounts of companies (Mandimika, et al., 2008) which provides an analytical framework to review the CSR activities in the financial services sector. Despite the above research work, when compared with the global trends above, there has not been sufficient research on CSR in Zimbabwe especially when CSR is considered in its broad perspective. Whilst there is recognition of the critical role banks partake in economic development, the first indepth research on financial inclusion in Zimbabwe was conducted by ZIMSTAT in 2011 which clearly articulated that 40% of the adult population were excluded from accessing financial services in a country were “80% of the adult population earn less than USD200 per month” (FinScope, 2011).

2.9 CSR as a Development Tool

There is very little debate about whether CSR can serve as a development tool as it has been shown that CSR remains a vibrant and authentic development tool across the globe. Rather the counter argument has tended to focus on the intentions behind the CSR activities from an ethical perspective (Masaka, 2008) and the operational framework limitation (Frynas, 2008). This research paper is thus based on the acceptance that CSR in its broad view results in the economic development of a country as responsible corporates meet the expectations of various stakeholder who through this, for example access of affordable financial services by the large population, leverage to develop their own communities and families. Furthermore as noted by Frynas (2008), international organizations such as the World Bank and the United Nations and other national development agencies like AusAID, USAID, CIDA and DfID have incorporated CSR and are heavily involved in public sectors such as education, health, and poverty alleviation across the globe. For instance the British government's DfID has fostered programmes where they enhance access to markets for poor and marginalized populations.

The concept of inclusive markets has been argued by some to be at the core and pivotal to poverty eradication (Dobers & Halme, 2009). The UNDP has encouraged the concept of "Growing inclusive Markets" as a measure to include the poor in profitable business ventures through the conduction and adopted of newer and more efficacious business models. These models would thus include the underprivileged populations as consumers, entrepreneurs, suppliers and as active business partners as opposed to their traditional roles as cheap labour. Within the South African context, the resource allocation by corporate world, for example in 2012/2013 season R7,8bn was spent on education, (Magwaca, 2014) clearly signifies how the corporate contribution can result in development for a nation.

2.10 Chapter Summary

Literature noted that Corporate Social Responsibility is a broad, continuously evolving global subject which covers the end to end responsibilities of an organization and its stakeholders. Furthermore, it showed the benefits and challenges of implementing CSR in organizations. The next chapter explores research methodology.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter reviews the research methodology to systematically solve the research problem evaluating the emerging trends of Corporate Social Responsibility in the financial services sector (2009- 2013) in Zimbabwe. This chapter focuses on the research philosophy, research design adopted, research instruments that were used to collect data together with the justification of each instrument's suitability, the types of data collected, data collection procedures adopted for the study, the target population from which respondents were drawn, sampling procedures, data analysis process, strength and weaknesses in the research approach, ethical consideration closing out with the chapter summary

3.1 Research Philosophy

Research philosophy can be defined as the development of the research background, research knowledge and its nature (Saunders, et al., 2009). Research philosophy can also be viewed as a belief about the way in which data about a phenomenon should be gathered, analysed and used. The selection of research philosophy is thus a choice between positivism and phenomenology.

3.2 Positivism

Positivistic approaches ascribes that the research be pursued from the view of natural sciences (Collis & Hussey, 2009). Natural sciences take a more mathematical approach applying deductive reasoning. Positivism can generally be defined as quantitative, objectivist, scientific, experimentalist or traditionalist.

3.3Phenomenology

Contrary to the positivism philosophy, the phenomenological approach argues that the research should be viewed from a human perspective of their world. Elements of human behaviour are not easily quantifiable based solely on observation as natural science (Neville, 2007).

Phenomenology can also be broadly defined as qualitative, subjectivist, humanistic or interpretative.

3.4Research Philosophy Choice

Taking into account the different research paradigms this study pursued a phenomenology research philosophy while the positivistic approach was applied to a lesser extent.

3.5 Research Design

A research design is a general plan of how the researcher goes about answering the research questions that has been set by the researcher (Saunders, et al., 2009). Research design can be defined as the "blue-print for collection, measurement and analysis of data. It aids the scientist in allocation of his limited resources by posing crucial choices: Is the blueprint to include experiments, interviews, observations, and the analysis of records, simulation, or some combination of these? Are the method of data collection and research situation to be highly structured? Is an intensive study of a small sample more effective than a less intensive study of a large sample? Should the analysis be primarily qualitative or quantitative?" (Professor Cooper, 2011).

For the purpose of this research a descriptive design was adopted as a method for research design.

3.6The Descriptive Design

Descriptive research's main objective seeks an accurate portrayal of the characteristics of persons, situation or groups (Polit, et al., 2001). The descriptive survey design is a process of drawing out the attitudes and opinions from a sizable sample of the respondents so as to make generalized assumptions (Robson, 2011). The approach of descriptive can vary greatly:

i. Observational Method
ii. Case Study Method
iii. Survey Method

This research applied a survey method. In this survey method research participants answered questions administered through interviews or questionnaires. After which the researcher describes the responses given.

3.7Rationale for the Methodology

The descriptive survey gives the ability to collect accurate data and provide a clear picture of the area under study. The table below summarises the strengths and weaknesses:

Strengths of Survey Research Design	Weaknesses of Survey Research Design
➢ Surveys are relatively inexpensive. ➢ Surveys are useful in describing the characteristics of a large population. ➢ Surveys enable the application of remote channels such as email, internet, telephone or mail. ➢ Large samples are possible ➢ Many questions can be asked about a given topic giving considerable flexibility to the analysis. ➢ Standardized questions. ➢ Highly reliable and easy to analyze.	➢ Standardization of question may fail to take into account all considerations. ➢ Less flexibility. ➢ Response rate may be low insufficient to justify results of study. ➢ Participants may not be truthful. ➢ Phenomena may distort the context

3.8 Population

As stated in the title of the research, the researcher has focused on CSR in the financial services sector in Zimbabwe; hence the target population was the participants in the financial services sector in Zimbabwe. The population included all elements that meet certain criteria for inclusion in a study (Burns & Grove, 2011). However in research methodology, population does not refer to the population of a country, but rather to the objects, subjects, phenomena, cases, events or activities specified for the purpose of sampling (Brynard & Hanekom, 2005).

3.9 Sampling procedure

Sampling is the process of selecting a subset of people that is reflective of the population. This representative portion of a population is called a sample.

3.10 Steps in Sampling (Yount, 2006)

Step 1: Identify the Target Population

The first step was the identification of the target population. In a study concerned with CSR in the financial sector in Zimbabwe, the target population was participants in the financial sector in Zimbabwe.

Step 2: Identify the Accessible Population

Since it was virtually impossible to reach all the members of the target population, given the size of the target population of the financial sector, the accessible part of this population were banks based in Harare, Zimbabwe.

Step 3: Determine the Size of the Sample

Due to the large number of participants in the banking sector, a sample population size of less than thirty observations is considered to be too small (Bartlett, et al., 2001 Spring). While on the other hand a sample size of least 10% of the target population is large enough to produce results that are representative of the total population (Fraenkel & Wallen, 2006).

At the time of the study there were 20 operating banking institutions in Zimbabwe comprising of:

- 15 Commercial banks
- 1 Merchant bank
- 3 Building societies
- 1 Savings bank

As per the Monetary Policy Statement in the July 2014, the Governor of the Reserve Bank announced a three Tier Banking structure which effectively classified banks into three segments based on Capital Requirement and customer value proposition expected from each tier. The researcher thus leveraged on this tier structure to sample the banking institutions for the research. However the researcher could not sample Tier 3 banking institutions as there were none registered in that tier. Subsequently the researcher sampled five banks, three from Tier 1 and two from Tier 2. Taking into account costs, accuracy and homogeneity of the population 50 questionnaires were sent out to banking institution based on their tiers.

3.11 Research instruments

Research instruments may be defined as tools for collecting data needed to find answers to the issues under investigation. It was critical to guard against using one approach in collecting primary data as this could result in the gathering of contaminated data. The researcher used the following data collection instruments structured questionnaires, interviews, observations and the internet to collect secondary data such as bank annual reports, Monetary Policy Statements and legal statutes.

3.12 Questionnaire

Questionnaires were the primary means of collecting data. Questionnaires are the most common used means of data collection in a survey (Leedy & Ormrod, 2010). A questionnaire is a series of questions designed to solicit responses to answer the research problem and objectives. Thus a questionnaire was the appropriate instrument to collect information on the state of CSR in the financial sector in Zimbabwe and analyse the emerging trends in the financial sector

The researcher selected the questionnaire as it was cost effective through the saving of time, human and financial resources to execute. It also facilitated the capability to reach a large number of respondents within a short time as the researcher was able to use digital methods of transmitting the questionnaire to the respondents. The questionnaire provided an advantage in that due to lack of face to face interaction in some cases, the respondents would respond freely taking advantage of anonymity given that the questionnaire did not ask for the respondents' name. Despite these advantages, the questionnaire had its shortfalls such the respondents' response on questions could be influenced by the perceived response on subsequent questions as the respondent had the capacity to read all the questions before answering. Furthermore, the questionnaire had the set questions limited and shaped the nature of the answers whilst removing the opportunity for the respondents to seek clarity where they did not understand the questions. To mitigate some of the shortfalls, the researcher followed up with interviews and conducted quality assurance on each questionnaire before collecting (Van Rensburg, 2009).

3.13 Types of questions on the questionnaire

i. Set-Choice Questions: these allow for the quantification analysis of the responses. These questions can be split as follows :

   a. dichotomous (yes/no) or

   b. Multiple choice questions.

This data is easier to analyze compared to open ended questions and they are also easier to complete and quantify.

ii. Open-ended questions: these are questions designed to allow the respondent to freely answer the questions in their own way. The researcher used open-ended questions with set choice questions above them. Due to the unknown factor of the potential responses, open ended questions allowed for more exploration. The respondents could elaborate further and clarify their position.

3.14 Method of Questionnaire Administration

The questionnaires were sent via email (40%) and physically delivered (60%) by the researcher to the intended respondents. On completion the questionnaires were physically collected by the researcher, who took the opportunity to ensure the questionnaires had been completed in all respects.

3.15 Interviews

Interviews 'involve a set of assumptions and understandings about the situation which are not normally associated with a casual conversation' (Denscombe 1998: 109). To supplement the data collected from questionnaires, follow up interviews were conducted to understand the underlying reasons and motivations for people's attitudes, preference, choices and decisions. Interviews are crucial especially were respondents were vague or either needed to be cajoled to provide a response (Gwimbi and Dirwai 2003). Wilkinson and Birmingham (2003:45) identified three types of interviews:

i. The unstructured interview is a very flexible approach. Areas of interest are established by the researcher but the discussion of issues is guided by the interviewee
ii. In a semi-structured interview, the interviewer exercises more control as additional questions are predetermined though there is sufficient flexibility to allow the interviewee an opportunity to shape the flow of information.
iii. Structured interview are seen no more than a questionnaire that is completed face-to-face. The interviewer has control over the order of questions, all of which are predetermined. There is an element of predictability to the structured interview which allows the event to be timetabled with some precision.

Due to the nature of the research objectives, the researcher applied a semi-structured interview methodology.

3.16 Data collection procedure

Data collection is the process of gathering information via research instruments tools which were previously outlined.

3.17 Primary Data Collection

The questionnaires were primarily physically collected by the researcher. Where the researcher couldn't collect the questionnaire either through email or personally, the use of the telephone was incorporated to allow for the collection of data. Most of the respondents responded to the questionnaire either physically or via the email, except one resource rich respondent who responded via the telephone. Of the questionnaires physically collected the researcher verified that at least most of the questions were answered. Hence interviews provided the opportunity to allow respondents to provide an informed answer. Appointments had to be set before hand to ensure that the respondent would be there for the researcher to collect the questionnaire and also for the opportunity to interview them.

3.18 Secondary Data

The researcher made use of secondary data to supplement the primary data. The secondary sources included Bankers Association of Zimbabwe publications, commercial banking institution annual reports, RBZ publications, legal instruments and financial articles. The researcher used the internet to access most of this information.

3.19 Reliability

Data Reliability is concerned with the ability that a different researcher with similar research instruments would yield the same results (Saunders, et al., 2009). Pre-testing was pursued using 4 participants from NMB, FBC, and Standard Chartered to test the veracity and reliability of the questionnaires. This helped to pre-emptively highlight out any misleading questions or confusing questions that would distort the participant's responses thereby contaminating the results. The positive response affirmed that the results could be expected to be reliable. According to Drost (2008; 108) one way of measuring reliability is to use the test/retest reliability which is the "temporal stability of a test from one measurement session to another. The procedure is to administer the test to a group of respondents and then administer the same test to the same respondents at a later date. The correlation between scores on the identical tests given at different times operationally defines its test-retest reliability." However it is important to note that phenomena is reflective of the setting at the time, using the same tools one month later may not yield the same results if the human perspectives have changed.

3.20 Validity

Validity is concerned with the meaningfulness of the research component. Saunders et al (2009) noted two elements to validity firstly how accurate are the data collection methods in measuring the answers to the research problems and objectives? Secondly how true are our research results? The researcher took care to ensure that the questions addressed the research questions and objectives. The questions were projected in an unambiguous manner which made it simple for respondents to respond and to allow for meaningful conclusions to be drawn.

3.21 Ethical considerations

For ethical reasons, respondents were not coerced into responding to questionnaires; they were voluntarily requested to assist in the completion of the questionnaires. In addition the data was not collected under disguise as the respondents were advised of the purpose of the research and that their individual identity would be kept confidential. Other ethical considerations such as protecting data integrity and avoiding data manipulation were made by the researcher. A declaration letter was signed by the researcher stating that the researcher holds an executive management position in a commercial banking institution to avoid any unwarranted attention to any potential conflict of interest in painting banking sector in a positive light in respect of CSR.

3.22 Data Analysis Procedure

LeCompte and Schensul (1999) define analysis as a process a researcher uses to reduce huge and unrecognisable data to a story and its interpretation. Patton (1987) stated that during the data analysis process, data is organized and reduced through summarization and categorization. The patterns and themes that emerge from the data are then identified and linked. The goal was to draw out independent conclusions from the data that would then become useful information for supporting the decision making process. Microsoft Excel was used as the data entry software from which, tables, pie charts, graphs, bar charts and all other forms of tabulation were used to draw out the findings from the data.

3.23 Chapter Summary

The chapter explored research philosophy, research design, population, sampling, research instruments, data collection approach, data analysis approach, limitations, reliability and validity. The next chapter dwell on data presentation, analysis and interpretation.

CHAPTER 4
DATA PRESANTATION AND ANALYSIS

4.0 Introduction

This chapter seeks to present and analyze the findings from the data obtained from the respondents of the questionnaires administered by the researcher and the secondary data obtained from financial institutions annual reports and Monetary Policy Statements. The sources of data thus presents empirical data upon which informed conclusions will be made. From the onset, it important to highlight that whilst immense data was gathered, the chapter will focus on the key aspects as set out in the research objectives.

The analysis of the findings is based on the objectives of the research topic embedded in the questionnaire dispatched to respondents and face to face interviews conducted to evaluate the below perspectives;

a) To evaluate the existence of CSR activities, policies and practices in the financial services sector.

b) To analyze what drives the decisions on the type and level of CSR activity adopted.

c) To assess the existence of regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities.

The chapter will take the approach of articulating the respondent demographics, response rate and the findings on each objective using various forms ranging from graphs, tables and statistical analysis.

4.1 Analysis of the Interview

A total of 15 structured interviews and 35 self administered questionnaires were conducted with officials in the banking sector and the response at 80% was acceptable. Meetings were arranged and data collected.

4.2 Gender Distribution

The majority of the respondents were male managers 27 (54%) while 23 (47%) were female. This shows that males were dominating their female counterparts and this can be attributed to few females in the top hierarchy of governance of most organizations. The researcher was convinced that the gender distribution was acceptable not to distort the research findings and outcome.

4.1.1 Age Distribution

The Table 4.1 below presents the findings;

Table 4.1 Age of respondents

Age	Number of Respondents	Percent (%)
Below 30 years	7	14%
31 to 40 years	15	30%
41 to 50 years	25	50%
51 to 60 years	3	6%
Above 60	0	0
Total	**50**	**100**

Source (Primary Data, 2014)

The Table 4.1 above shows that majority of respondents who were 50% were aged between 41 to 50 years. Thirty percent of respondents were between 31 to 40 years. Just 14% of respondents were below 30 years.

There was a good spread of the respondents drawn from various sections of banks such as Corporate Affairs 10 (20%), Marketing 14 (28%), Retail 17 (34%) and Finance 9 (18%). Furthermore the researcher purposively collected the annual reports of 6 commercial banks in Harare for the period 2009 to 2013. The selection of these 6 banks was based on the Tier system introduced by the Reserve Bank of Zimbabwe (MPS; 2014).

4.3 Analysis of the Questionnaire

A survey was carried out to find out on the opinions of a sample of the population regarding the trends of Corporate Social Responsibility within the financial services sector in Zimbabwe. The questionnaire in Appendix A was distributed to respondents drawn from the banking industry. The questionnaire distribution was purposively executed among management levels as they have an in-depth understanding of the organisation. The actual response rate averaged 80% which was generally impressive. The 20% non response rate was due to some respondents failing to complete the questionnaires within the required time period. Table 4.1 below shows a summary of the results:

Table 4.2 Expected and Actual Response Rate

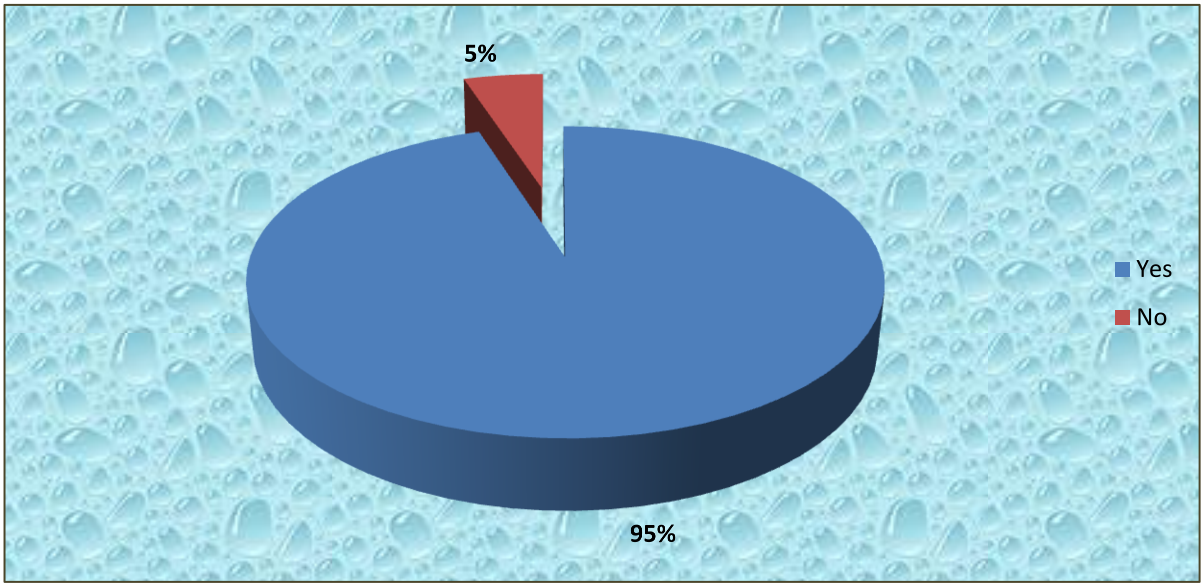
Name of Institution	**Number of Respondents**	**Expected Response Rate**	**Actual Response Rate**
CBZ	10	100%	70%
FBC	10	100%	60%
MetBank	10	100%	90%
NMB	10	100%	90%
SCB	10	100%	90%
Overall	**50**	**100%**	**80%**

Source: Primary Data (2014)

Most questions in the questionnaire were structured in a way to find out whether people understood the concept of CSR and the emerging trends in the Zimbabwean Financial Sector between 2009 and 2013. From the responses received almost all the responses showed appreciation of the topic.

The survey also revealed that 95% of the responses confirmed the existence of CSR within their organizations, while the remainder (5%) was not privy to the existence of such activities within their organizations.

Table 4.3 Existence of CSR activities and practices within banks.



Source: Primary Data (2014)

The above knowledge of the prevailing CSR activities within the financial industry proved that the sector had made strides in ensuring their CSR activities are well known by the 'publics'. This engagement was supported by Leonardo, Rocco and Hasan (2007) who found that CSR is increasingly a core component of corporate strategy in the global economy. In recent years its importance has become even greater, primarily because of the financial scandals, investors' losses, and reputational damage to listed companies.

4.4 To evaluate the existence of CSR activities, policies and practices in the financial services sector.

The researcher used both secondary and field results to interrogate this research objective. As noted in the Research methodology, the researcher applied content analysis on the annual reports of the sampled financial institutions and the Monetary Policy Statement.

4.5 Economic Responsibility

To assess how the financial services sector was meeting the economic responsibility (Buchholtz & Carrol; 2009), profit/loss before tax was used as a measure to indicate how the sector was meeting shareholder expectations. Of the 6 financial institutions reviewed in Harare, 3 of the banks were recording profit before tax throughout the period 2009 to 2013 whereas the other 3 banks recorded losses before tax in 2013. The banks which recorded losses represent 50% of the sample, thus the researcher notes that from a broader CSR perspective the financial institutions in Zimbabwe are to a large extent still failing to meet the economic and legal responsibilities that would provide stakeholder value. The availability of profit enables the firm to pay its taxes to the state thus contributing to the national development as the state would be able to meet its developmental obligations. With the sector having 50% of its members registering losses before tax then their contribution to development is hampered.

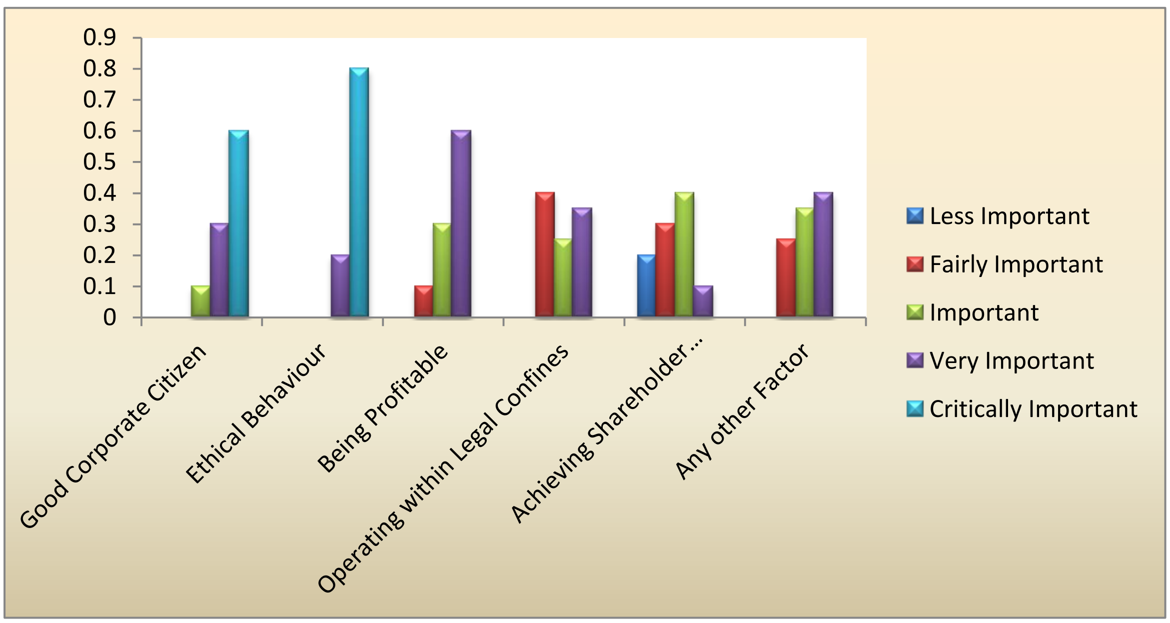
4.6 Legal Responsibility.

To assess the prevalence of the sector to meet the legal responsibility (Buchholtz & Carrol; 2009), the researcher identified a set of minimum legal requirements that a bank needs to ensure its sustainability as a going concern. These requirements are, meeting the minimum capital requirement; preparation of financial statements according to the accounting standards and Companies Act; engagement of independent auditors and the payment of tax. Of the 6 financial institutions that were sampled, 4 met the regulatory capital requirement representing 67% of the sample, whilst 2 which constitute 33% consistently failed to meet the key metric. All the 6 financial institutions prepared their financial statements in accordance with accounting standards, International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') "and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96" (FBC Bank 2013 Annual Report; SCB 2013 Annual Report; CBZ 2013 Annual Report; MetBank 2013 Annual Report; NMBZ 2013 Annual Report and Tetrad 2013 Annual Report). All the sampled 6 financial institutions engaged independent auditors who issued their reports on the financial statements. The study thus reveals that the financial industry in Zimbabwe recognises and complies with the legal responsibilities on the presentation and reporting of the institutions' performance, though the failure to meet the minimum capital thresholds points to an industry that has limitations in executing its corporate social responsibilities.

4.7Ethical Responsibility

Given that these responsibilities are intertwined, the researcher interrogated the respondents on the importance of good corporate citizenship; ethical behavior, profitability, operating within legal confines and achieving shareholder objectives to CSR. Majority of the respondents (80%) viewed the relevancy of CSR in promoting an ethical behavior within the financial services sector as critically important. They further identified good corporate citizenship as also critically important.

Table 4.4 Relevance of CSR Issues



Source: Primary Data 2014

4.8Disclosure of CSR activities

The study explored the levels of disclosure on 2 parameters- Disclosure of Company policy on CSR to the public and disclosure of CSR activities and funds applied to philanthropic activities in the audited financial statements. The major aim was to find if there is consistency and actual implementation of the stated CSR objectives of the financial institutions in Zimbabwe which are key ethical considerations in CSR.

4.9 Disclosure of Company CSR Strategy.

Of the 6 financial institutions sampled, 3 financial institutions representing 50% of the sample had the CSR strategy published on the website articulating the CSR vision, areas of focus and how the public can access the services mentioned in the CSR policy. This level of public disclosure is pertinent as the base for a stakeholder engagement.

When asked, *"Does your institution have a formalized CSR approach/documented CSR strategy?"* 25 respondents representing 63% affirmed the existence of the strategy. This is in contrast with the content analysis above, reflecting that whilst the financial institutions might have the strategy it is not shared with the 'publics' hence its ineffective from a stakeholder engagement perspective. Furthermore the lack of public disclosure of the detailed strategy can be explained by 80% of the respondents who responded that their financial institution does not have a dedicated CSR department hence CSR strategy is not a top priority in the financial institution.

4.10 Disclosure of CSR activities in the audited financial statements

All the 6 financial institutions sampled disclosed broadly the various activities they are involved in within the audited financial statements on the Chairman's report. This level of disclosure took the form of employee benefits (including the retention, pension and death benefits schemes available) granted to the employees; financial statements presentations; corporate governance disclosure (Board compositions; frequency of meetings and caliber of board members); financial dealings with key management and directors; and specific philanthropic activities such as grants to health, educations , sports and charitable organizations. An analytical review of this disclosure reveals that whilst all the banks sampled disclosed the activities, the depth of the disclosure was varied over the period and between the banks. Only 2 banks out of the 6 reviewed, representing 33% of the sample, disclosed the actual amount spent on philanthropic activities, casting doubt over the accuracy of the disclosed activities. This view is supported by the empirical evidence gathered from the questionnaire when asked *"For the year 2013, how much was spent on CSR?"*

15 respondents representing 38% of the sample were able to mention a figure spent on CSR. Furthermore the 38% respondents were spread across all the sampled financial institutions, in contrast with the disclosed figures and banks as shown from the content analysis of the audited financial statements. In this regard, it can be argued that the disclosure in the financial statements is cosmetic and designed to create a certain image of corporate citizenship by the financial services industry. This is unlike in South Africa where corporates disclose the CSI budgets annually. In the financial year 2005/2006, the corporates in South Africa allocated USD400 million to CSI budgets (Skinner & Mersham, 2008) which is equivalent 3% of the national Zimbabwe gross domestic product in 2013 (economics, 2014).

In the literature review, the paper revealed how the financial services industry in South Africa had in-depth disclosure whereupon institutions such as RMB have a Board Committee called Transformation Monitoring Committee, and the Social and Ethics Committee whose responsibilities are to provide oversight of the BEE implementation and the codes of ethics respectively, ensuring that the Bank proactively manages these key compliance requirements (RMB 2013 Annual Report). This is unlike in Zimbabwe, where of the 6 sampled financial institutions, none of them has a Board Committee responsible for providing oversight on key compliance requirement such as Indigenization Policy. This dearth of Board direction was empirically supported in the study by the 26 respondents, representing 65% of the sample, who answered 'No' when presented with the question, *"Is there a Board Committee to oversee CSR?"* In this regard, the role of the Board in providing leadership to the CSR agenda in Zimbabwe financial institution is limited.

4.11 Philanthropic Responsibility

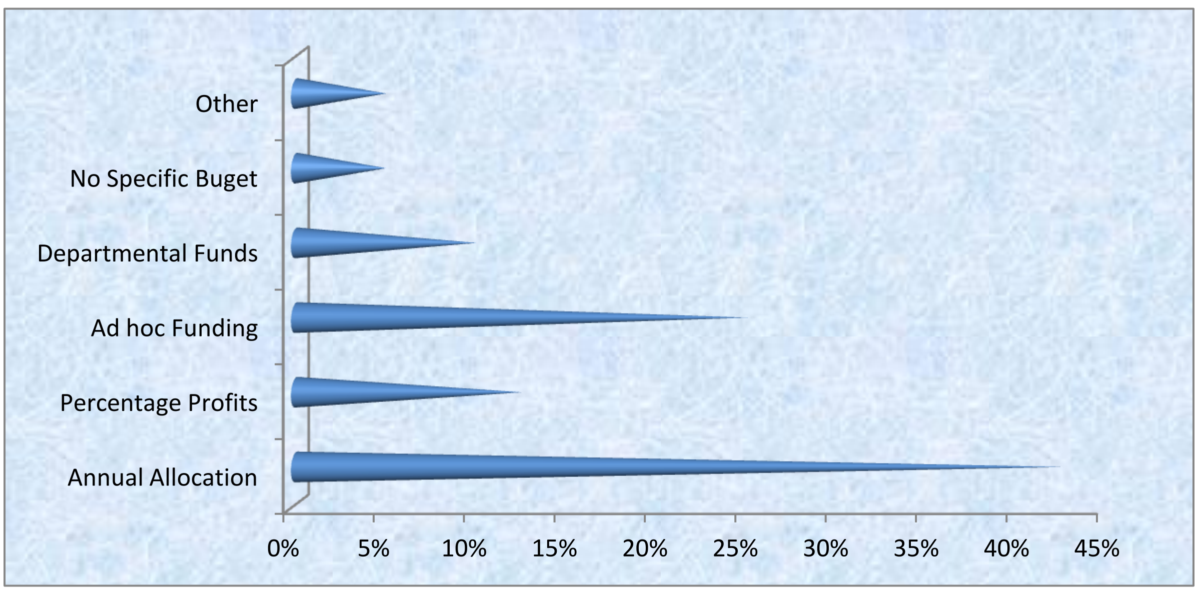
The respondents were asked to list the CSR activities that their organisations are involved. The response clearly showed that the understanding of CSR in the financial services sector is concentrated on viewing philanthropic activities as CSR. This is shown by 100% of the respondents listing philanthropic works alone as CSR. The respondents cited donations to schools; scholarships to students; tree planting, sponsorships to orphanages and old people's homes; clean-up campaigns; sponsoring sports tournaments; malaria campaigns; HIV/AIDS awareness campaigns; and mentoring university students. These activities thus fall under the philanthropic responsibilities (Bucholtz & Carroll, 2009) which were funded by the following sources in the financial services sector.

CSR Funding Sources

The skeweness in funding towards a more budget spend on CSR as reflected above reinforces the high engagement level in CSR among banks. Annual allocation account for 43% , followed by adhoc spend with a 25%, while percentage profits , departmental funds , No specific budget and others accounted for 13%,10%,5% and 5% respectively. An analysis of this distribution to identify uniformity of the sources of financing on the sampled banks showed great differences in the sources with banks using any of the above.

The table 4.5 below shows the sources of funding.

Table 4.5 Sources of funding



Source: Primary data (2014)

4.12 To analyze what drives the decisions on the type and level of CSR activity adopted.

In the effort to appreciate the motivations for CSR, the researcher enquired about the existence of a CSR department in the sector which would reflect the level of prioritisation and centrality of CSR in the sector. In 80% of the responses, the study revealed that there was no CSR department within the sector. Despite the absence of a CSR department as confirmed by (80%) of the respondents, the majority of the respondents (53%) however confirmed the publication of the Sustainability report. The CSR responsibilities are handled through the marketing Department (63% of the respondents) and Public Relations Department (37% of the respondents) which shows the dominating motivation for CSR activities.

Table 4.5

An Analysis of drivers on the decisions for the type and level of CSR activity adopted.

Driver	**Relative Strength**
Better Corporate Image	Strong
Employee Satisfaction & Fulfilment	Strong
Improve Competitive Advantages & Business Opportunities	Strong
Reduce Government Oversight	Weak
Gain Support of communities	Relatively Strong
Directive of Board/Shareholder	Very Weak

Source: Primary Data (2014)

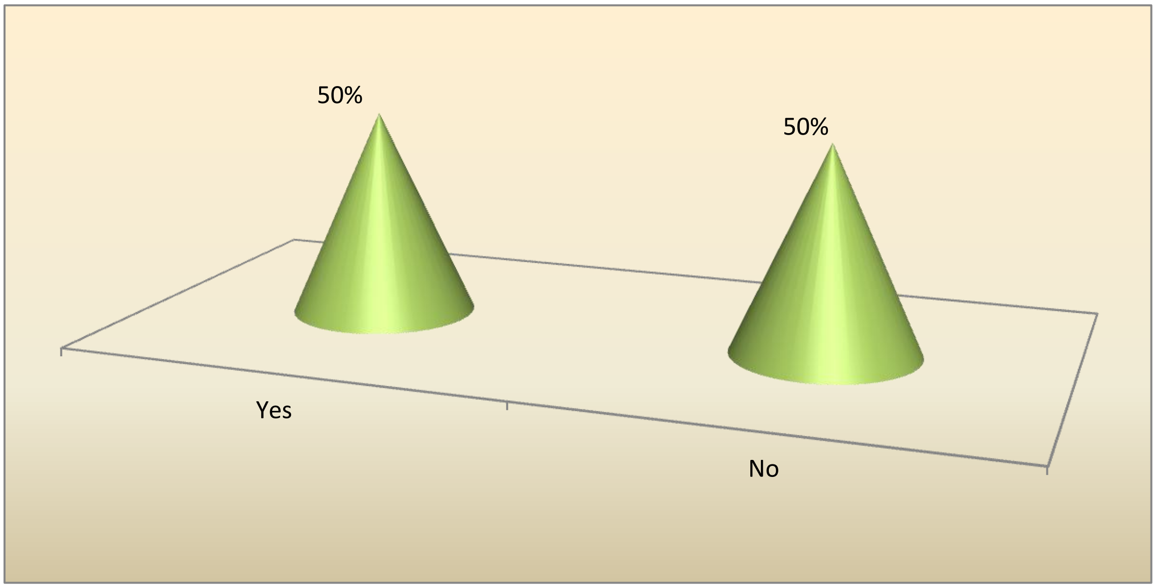
The respondents also argued their involvement in CSR as benefiting their corporate image, satisfying to employees and improving competitive advantage. These findings are in line with other research findings (Kotler & Lee 2005; Knox, Maklan and French 2005) which highlighted that business outcomes can be linked to a firm's participation in social initiatives. Several other studies have shown that companies develop a social portfolio because managers believe these activities can build competitive advantage, provide new business opportunities, insulate firms from costly regulation, or help them meet shareholder demands (Campbell, Moore & Metzger 2002; Fombrun & Shanley 1990; Galaskiewicz & Colman 2006; Gardberg & Fombrun 2006). From this perspective, CSR activities are considered strategic in nature, with the understanding that firms can do well in the long run by doing good (Vogel 2005).

Of the 6 banks whose annual reports were analyzed, the researcher noted the absence of the triple-bottom line (economic, environmental and social) reporting approach (Global Reporting Initiative 2002). The researcher noted that the directors reports in all circumstances did not highlight the activities and impact that the organizations were doing in line with the planet element of the three 'Ps': people, planet and profit (Elkington 1997). The financial statements noted the various benefits and costs associated with the people, the retention activities of the people and the financial performance of the organization but fell short on the environment. This is despite the 100% affirmation response when the respondents were asked "*whether lending to a business that is harmful to the environment*" should be considered a CSR issue.

In an effort to assess the level of employee involvement in the CSR activities in Zimbabwe as a follow up to the best practice at international banks such as Lloyds and Citibank reviewed in the literature, the research study showed that 83% of the non-managerial employees were involved in CSR activities. When the 83% respondents were asked, "…please classify the level of employee involvement?", 62% confirmed that they were involved only in the execution compared to the 38% involved in the decision stage of the CSR strategy. This low level of employee involvement in the end to end management of the CSR strategy thus points to a gap in the management of CSR in Zimbabwe. To collaborate these findings, the researcher reviewed the audited annual reports of the 6 banks and noted that only 1 bank representing 17% of the sample had disclosed the employee volunteering programme in a quantifiable manner. Standard Chartered Bank Zimbabwe provides its employees with an additional 3 volunteer leave days above the regulatory annual leave which should be spent in a CSR activity of choice within the community. In 2013, the Bank achieved 1,217 employee volunteer days from the 900 achieved in 2012 (SCBZ, 2013). The rest of the banks only noted the involvement of the employees in CSR without quantifying in the audited report the level of employee involvement. This further strengthens the lack of standard in reporting and disclosure within the financial services sector where international banks tend to align with international best practice whilst local banks will present the minimum required in the absence of a guiding legislation.

In line with Galbreadth (2008) findings that CSR should be embedded in the corporate strategy so that CSR can present a firm with the necessary competitive advantage, the researcher also sought to identify how aligned the various CSR activities were with the corporate strategy.

Table 4.6 Alignment of CSR Activities to the Core business



Source: Primary Data 2014

There was a fairly balanced view regarding the alignment and non – alignment of CSR activities to the core activities of the business with 50% of the respondents arguing that the CSR was aligned to core activities of the institution while the other 50% saw non alignment of CSR to the firm's activities.

4.13 An assessment of the regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities.

The researcher sought, through secondary sources and targeted interviews with regulatory authorities, to identify legislation which governs the practice, reporting and monitoring of CSR activities in the financial services. The major aim of this endeavor was to make an informed judgment on whether the activities identified in the first two objectives were being exercised within the regulatory framework.

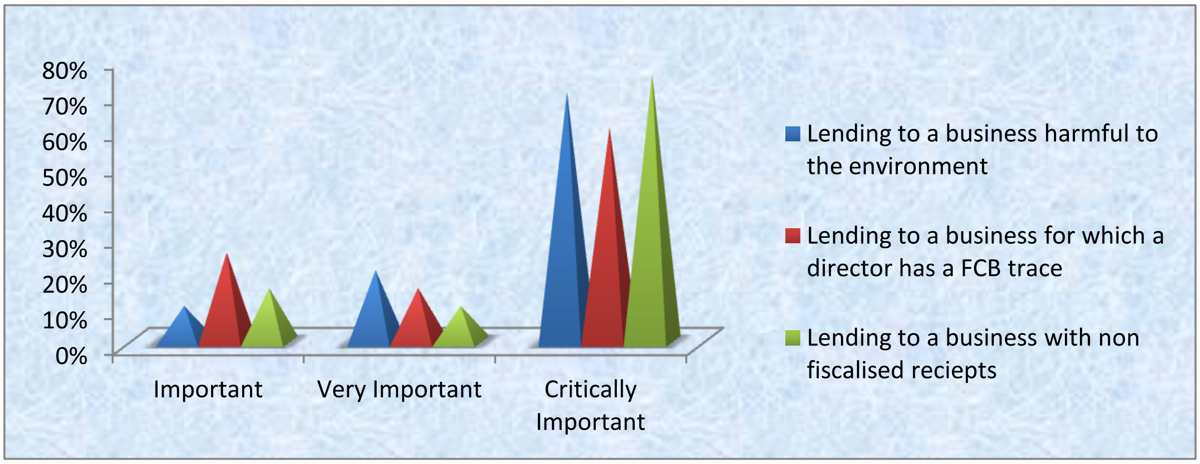
The researcher noted differences in the levels of CSR reporting in the annual reports for the 6 banks sampled. 2 of the 6 banks (representing 33% of the sample size) disclosed the amount of funds applied to philanthropic activities whereas 4 banks representing 67% failed to disclose in the 2013 annual reports. This discrepancy highlights the absence of a regulatory framework with the financial services sector which explicitly guides banks on how much information on CSR should be disclosed. The researcher failed to identify legislation within the financial services sector or the economy broadly which stipulated how Banks should handle CSR especially philanthropic activities. Instead the financial services sector relies on various issue specific statutes that are able to provide guidance on economic and legal responsibilities. In line with best practice such as King reports on Board composition, the researcher noted that in 67% of the cases, the board composition failed the test as they were dominated by executive directors at the expense of independent non-executive directors and non-executive directors.

As noted earlier on Triple bottom line reporting, the absence of the regulatory framework on this strategic measure has made it difficult for the banks to not only be audited according to their economic or profit impact but is also penalized/rewarded according to their performance or lack of it, with regard to environmental and social impact.

At the time of study, the only legislation concerning a semblance of CSR in Zimbabwe is the Banking Act; the Companies Act; Environmental Impact Assessment Policy (EIAP) Of 1994 And the Indigenisation and Economic Empowerment Act Of 2007. The Objective of the Environmental Impact Assessment Policy (EIAP) is to ensure that the environmental and socio. Economic costs and benefits of economic development projects are properly accounted for, that unwarranted negative impacts are avoided or mitigated, and that potential benefits are realized. Unfortunately this legislation has no direct bearing on the financial services sector’s decisions especially on lending entities which have a negative impact on the environment.

The drawback of the EIAP has been its non-mandatory nature which has rendered it ineffective whereas the Indigenisation And Economic Empowerment Act Is mandatory in that it requires all companies that are worth USD500 000 and above to plough back their profits into the society, although limited to large companies. Regardless of the thresholds set in the IEEA, there are no guidelines on how it should be integrated in the decision making entities of the financial services entity, for example, the Board Committee in South Africa on tasked with oversight on BEE.

Table 4.7 Assessment of the regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities.

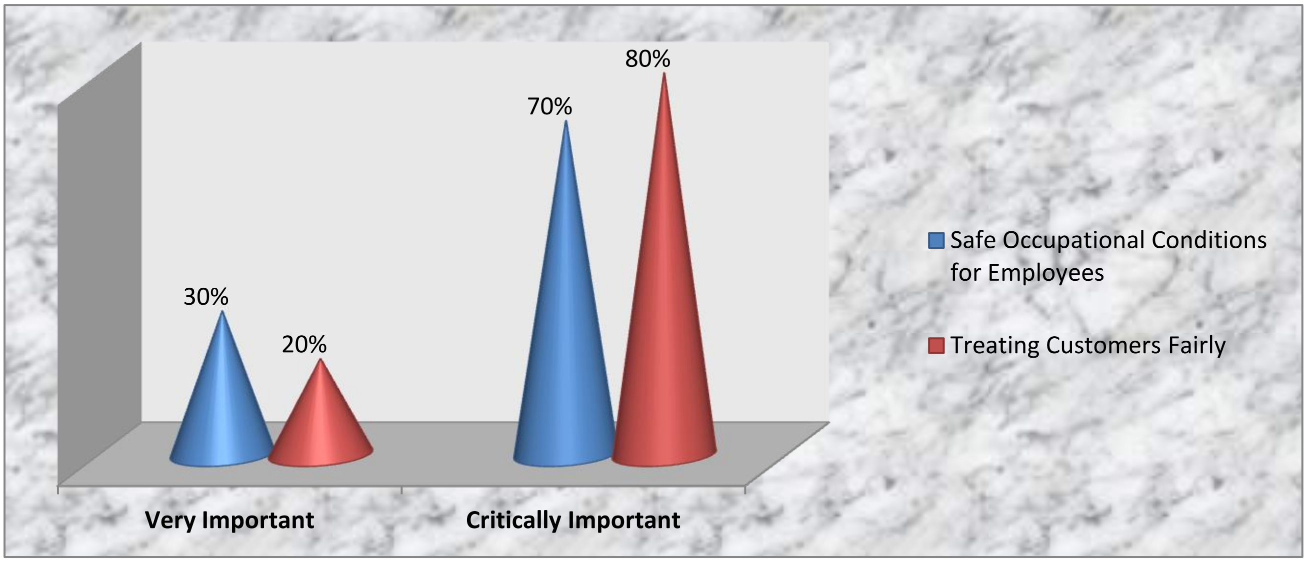


Source: Primary data (2014)

On all the above mentioned 3 activities which are undertaken by banks, there was a general consensus that the activities were crucial from a CSR perspective. In their provision of safe occupational conditions for employees and treating customers, respondents placed critical importance on such factors as a way of adopting CSR.

The researcher identified legislation on safe occupational environment and pricing regulation in the MPS (2013). With these, the researcher set to assess how the respondents viewed the criticality of the CSR issued that are designed to be addressed by the pieces of legislation.

Fig 4.7b CSR Considerations under Ethical Behaviour



Source: Primary Data (2014)

The study thus revealed that in the total respondents, 70% identified safe working environment and 80% identified Treating customer fairly as a critical in displaying ethical behaviour for the financial services sector. This finding is aligned to Sanders and Roefs (2001) who stressed that a good integration of safe working environment in CSR will foster the image of a good employer. This improves its position in the labour market, making it more attractive to potential recruits as well as encouraging loyalty from existing employees.

4.14 Conclusion

This chapter presented the study findings in relation to the objectives of the study. The study revealed that whilst the financial services sector in Zimbabwe has made strides in the adoption of CSR there remains huge disparities within the country and as a sector when compared with best practice in Africa and the world at large. Furthermore, the absence of legislation and standards within the sector has perpetuated the disparities. The next chapter will seek to provide the summary of the study and make recommendation for practice and future study.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter provides a summary of findings concludes the research work and provides some recommendations based on the data analysis carried out in the previous chapter. The recommendations, if adopted are expected to benefit policy makers, academic institutions, scholars, ministries as well as all the citizens. Corporate Social Responsibility is critical as a tool to develop Zimbabwe through harnessing the economic, legal, ethical and philanthropic resources of the financial services sector. In this regard, I analyzed the CSR practice, policies and activities in Zimbabwe with a specific focus on the emerging trends in the financial services sector.

5.1Statement of Objectives

The objectives of the study were to evaluate the existence of CSR activities, policies and practices in the financial services sector. Furthermore the study sought to analyze what drives the decisions on the type and level of CSR activity adopted; and to assess the existence of regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities.

5.2 Achievement and Justification of the Research Objectives

Table 5.1 Achievement and Justification of the Research Objectives

Research Objective	**Achievement and Justification**
a) To evaluate the existence of CSR activities, policies and practices in the financial services sector	The research objective was achieved through the use of primary and secondary sources. With 80% response rate on the questionnaires and interviews the researchers managed to get an in-depth understanding of the prevailing CSR

	activities, policies and practices in the financial services sector. The secondary data used in the research managed to provide a base to identify comparisons and similarities with the activities reviewed in the literature review.
b) To analyze what drives the decisions on the type and level of CSR activity adopted	The study made use of the primary data obtained from questionnaires and interviews. The personal interviews with the respondents allowed the researcher to observe and present follow-up questions to gain further insight. The literature review on the best practice globally and regionally provided the basis for making comparisons and recommendations. The study focused on respondents at management level who are involved in decision making. Furthermore the majority age distribution of 50% in the bracket 41 to 50 years resulted in the extraction of data from respondents who have sufficient working experience in the sector to make an informed view.
○ To assess the existence of regulatory framework in Zimbabwe on the practice, reporting and monitoring of CSR activities	The study utilized the secondary data to probe for the existence of the necessary regulation. In this regard, the researcher managed to make comparisons and recommendations using the best practice from literature review. Furthermore, the researcher purposively identified individuals such as the 2 Company

	Secretaries of 2 banks to provide an expert view of the regulatory environment.

5.3Summary of Conclusions

Although there is evidence of CSR initiatives by the banking sector and many more players being anticipated with the growth of the economy, CSR initiatives largely remain fragmented, unmonitored and unquantified and thus remain ‘invisible’ in official reporting. Banks are at the nerve centre of the financial sector and as such play a crucial role in the overall development of the economy. Undoubtedly, development in Zimbabwe requires the combined efforts of government, business and civil society to implement sustainable initiatives that improve the well-being of all sectors of society. CSR programmes should, therefore, support national government policies and priorities and should be aligned with the organisational goals and structures. CSR initiatives for banks should be prepared to commit to medium and long-term interventions. CSR can only have real substance if (Matten & Moon, 2008) it embraces all the stakeholders of a company, reinforced by changes in company law relating to governance, rewarded by financial markets, its definition relates to the goals of social and ecological sustainability, its implementation is benchmarked and audited, open to public scrutiny, the compliance mechanisms are in place, and if it is embedded across the organization horizontally and vertically.

This section thus makes conclusions based on the key findings from the research objectives earlier recapped as follows:

i. The study concluded that the scope and impact of CSR initiatives in Zimbabwe remains low as evidenced by the 50% respondent banks who recorded losses (reference section 4.3.1) and the failure to meet the regulatory capital (reference 4.3.2). Furthermore there is inconsistent existence of CSR in its broad 4 pillars namely economic responsibility; legal responsibility, ethical responsibilities and philanthropic responsibility, (Buchholtz &

Carroll, 2009) as argued in this study. Whilst the banks are involved in various activities, policies and practices, these are being applied outside the strategic realm of CSR except for the philanthropic responsibilities which were explicitly shown in the secondary data and confirmed by the respondents (reference 4.3.4). The lack of unification in such a system due to the absence of state regulation, and its publication depends on abilities and desires of the bank itself and is made for commercial purpose. For policy implications, the results indicate the importance of enforcing CSR from a regulatory perspective.

ii. The study concluded that the main motivation for engaging in CSR in Zimbabwe is to boost the bank's corporate image, to drive employee engagement and to improve competitive advantage (reference Table 4.5). This conclusion is further enhanced by the domiciliation of the CSR responsibilities within either the Marketing Department or the Corporate Affairs Department instead of a separate CSR Department (reference 4.4). The skew towards marketing reflects entities that aim to use CSR to further their product uptake as opposed to attaining the greater societal advancement reflective of philanthropic activities. Furthermore the domiciliation of CSR in marketing points to the perception of CSR as an extension of brand recognition.

iii. The study concluded that there is no consolidated legislation in Zimbabwe which guides the financial services sector on the required levels of disclosure whilst setting the minimum reporting thresholds for spending in CSR activities. The sector currently relies on the isolated legislation which does not provide guidance on reporting items such as philanthropic activities resulting in presentation of broad statements in the audited annual reports. (reference 4.7)

iv. The study concludes that in Zimbabwe financial services sector there is no Board oversight of CSR activities, specifically the ethical and philanthropic activities, which would ensure that CSR is integrated in the Corporate Strategy (reference 4.3.3.3).

v. The study concludes that employee engagement in CSR decision making is limited with engagement dominated by execution of the CSR activities set at senior management level. The resultant impact is that banks fail to realise the full potential of employee engagement that is created by such engagement in CSR activities (reference 4.5)

The study further showed the absence of legislation to regulate CSR in the banking sector has led to a situation whereby CSR by the corporate sector is minimal and inconsistent, with resources mostly being applied to philanthropic activities.

5.4 Recommendations

5.5 CSR requires Top Leadership Involvement

The study noted the absence of Board oversight on CSR (reference 4.3.3.3). Unfortunately like many important company initiatives, CSR cannot be sustained without leadership from the Board of Directors through specific Board Committees. The leadership of company governance is essential to transmit strategic CSR decisions to all areas. Strong leadership in this regard enables individuals with responsibility for CSR to transmit the sustainability plan and processes throughout a chain of businesses. The study recommends that Board Committees made up of independent non-executive directors should be set up in the financial services sector to provide oversight on the integration of CSR within the company strategy.

5.6Establishment of CSR Legislation and Monitoring Systems

The study noted the absence of a consolidated legislation on CSR within the sector (reference 4.7 and conclusion 3). Engagement in CSR is impacted by government policy and the attendant monitoring systems. It is therefore important to establish monitoring systems for CSR activities, e.g. social accounting, and revenue collection and use. CSI departments should be set up within Ministry of Finance to monitor and evaluate CSI projects, and potentially incentivise through tax and or indigenisation credits Banks which exceed set thresholds.

5.7Consolidate the CSR function.

The study noted the absence of specific CSR departments within the financial services sector (reference 4.4). Companies should concentrate CSR expertise in a dedicated “centre of excellence” with a ring-fenced CSR budget. Unfortunately the study noted the absence of a specific funding source in Zimbabwe (reference table 4.5). Whatever the structure chosen, there should be a dedicated team that considers the method of engagement and the best way to apply resources. Programmes are more effective if they focus on a few flagship projects within one or two development sectors, allowing the CSR function to build relationships and consolidate expertise. CSR thinking should be integrated within company structures and ethos, creating an environment where synergies between different elements of the transformation agenda are forged and internal expertise leveraged between divisions and programmes.

5.8Encourage employee volunteerism and stakeholder engagement.

The study noted the low levels of employee engagement in decision making for the CSR strategy (reference 4.5). Employees can add substantial value to CSR programmes, particularly if their time and core skills are leveraged in support of CSR strategy. Employee awareness of, and involvement with, the CSR programme is also an aspect of deeper integration and serves to boost employee morale. It is critical to engage stakeholders in order to understand beneficiary needs and allow for participation, feedback and, in some instances, ownership of community programmes.

5.9 Other recommendations:

5.10 Establish an industry platform for sharing successful models.

The study noted the absence of industry platform to showcase CSR activities (reference 4.3.3.3) Banks should actively seek to replicate and scale up those models that have been successfully piloted and refined, and should draw on policy makers and developmental experts in this process. In order to enhance developmental impact, banks need to find appropriate knowledge-sharing mechanisms such as forums that include fellow corporates and other social sector participants to share CSR lessons. The Zimbabwe Banking sector can replicate the CSI platform in South Africa which has created a platform for migrating best practice and for stakeholders to share views which will assist the CSR strategy to remain aligned to the national development needs.

5.11 5.3 Proposal for future studies

Further research may be undertaken on other industries as the research is only confined to the banking sector and a small developing country of Zimbabwe. As the financial landscape continues to progress, it is needful to continue exploring ways through which CSR can make a significant contribution to the overall economic development of the nation.

Other areas of focus with regards to CSR within the financial services sector would be to assess the level of integration of CSR within the corporate strategy. Furthermore the study should aim to make recommendations on the guidelines/framework that can be used by organization to integrate CSR into the strategy.

APPENDICES

6.1 APPENDIX 1 : QUESTIONNAIRE

RESPONDANT & INSTITUTIONAL PROFILE

1. Age: Can you please state your age?

   ☐ 23 – 30 ☐ 31 – 40 ☐ 41 – 50 ☐ 51 – 60 ☐ >60

2. Position: ☐ Junior Management ☐ Middle Management ☐ Senior Management

3. Which of the following best describes your Institution:
   ☐ Commercial Bank ☐ Merchant Bank ☐ Microfinance Bank

4. What is your institution's ownership?
   ☐ International ☐ Regional ☐ Local

5. Which of the following best describes your company (if a subsidiary of a parent company apply the status of the parent company)?
   ☐ Privately Owned ☐ Public Listed Company

6. How many employees does your institution employ at present?

<100	101 - 300	301 - 501	501 - 700	>700

7. What was your institution's performance of the year?
   ☐ Profit ☐ Breakeven ☐ Loss

CORPORATE SOCIAL RESPONSIBILITY

8. Does your institution in engage in CSR?
   ☐ Yes ☐ No
9. What CSR activities is your institution engaging in?______________________________

   ____
10. Does your institution have a formalised CSR approach/documented CSR strategy?
    ☐ Yes ☐ No
11. Does your company publish CSR / Sustainability Report?
    ☐ Yes ☐ No
12. If yes to Question 11. Is your most recent report audited by a third party?
    ☐ Yes ☐ No
13. Does your institution have a CSR department?

☐Yes ☐ No

14. If No to Question 13. Please state which department CSR falls under:____

15. Does your institution have a management person responsible for CSR?
☐ Yes ☐ No

16. If yes to Question 15 who is responsible for CSR?
☐ Corporate Affairs☐ Marketing☐ Other______________________________

17. Is there a Board Committee to oversee CSR?
☐Yes☐ No

18. What sources of funding are used/ allocated for CSR initiatives?
☐ Annual Allocation☐Percentage of profits Ad hoc funding☐ Departmenta☐
☐ funds No specified budget☐ Other_____________________

19. For the year 2013 how much was spent on CSR?___________________________

20. What are your institution's main motivations to engage in CSR programs? Tick off the most appropriate motivation for your institution? Using the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Factors to be considered	1	2	3	4	5
	better corporate image, marketing and advertising strategy					
	employee satisfaction and fulfilment					
	improve competitive advantages, productivity & business opportunities					
	reduce government oversight/ pressures, gain regulatory ease					
	gain support of communities, market and stakeholders					
	directive of board and//or shareholders					
	other					

21. If you stated other in question 20 please state the motivation for your CSR programs____

22. Are your CSR activities aligned with the core business of your institution?
☐ Yes No ☐

23. Is your institution's CSR activity having an impact?
☐ Yes No ☐

24. If yes to Question 23. Please list 3 impactful outcomes:
I. ____
II. ____

III. ____

25. If yes to Question 23, how would you classify the impact:
☐ Short Term ☐ Medium Term Long Term ☐

26. Is there regular monitoring and measuring CSR?
☐ Yes No ☐

27. If yes to Question 26, please state how your institution is monitoring and measuring CSR?____

28. Is there regular stakeholder consultation?
☐ Yes ☐ No

29. If yes to Question 28. From the list below, tick off the stakeholder groups your company reaches out/ consults with on CSR initiatives? Using the scale, say how involved stake holders are in program planning and implementation? **1** being not involved and **5** being very involved:

✓ or X	Stakeholders to be considered	1	2	3	4	5
	Employees					
	Shareholders					
	Local Communities					
	Regulators/ Government					
	Suppliers/ Business Partners					
	Customers					
	Non Governmental Orgs					

30. Is there employee (below managerial level) involvement in CSR activities?
☐ Yes ☐ No

31. If yes to Question 30, please classify level of employee involvement.
☐ Deciding Execution ☐

32. From the list below, tick off the problems you consider to be related to the development of initiatives in the field of social responsibility by your institution? Using the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Problem factors to be considered	1	2	3	4	5
	Lack of knowledge					

	Lack of institution assistance					
	Lack of specific legislation on CSR					
	Business benefits not immediate					
	High costs					
	Lack of corporate skill					
	Little social impact					
	Few interest of the institution					

33. How relevant are the following issues to CSR. Tick off the most appropriate and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Factors to be considered	1	2	3	4	5
	Good Corporate Citizen					
	Ethical Behaviour					
	Being profitable					
	Operating within legal confines					
	Achieving shareholder objectives					

34. Consider the following activities under Good Corporate Citizen. Tick the activities that you would consider to be CSR and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Activities to be considered	1	2	3	4	5
	Banks paying reasonable salaries					
	Participating in poverty alleviation programmes					

35. Consider the following activities under Ethical Behaviour. Tick the activities that you would consider to be CSR and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Activities to be considered	1	2	3	4	5
	Safe occupational conditions for employees					
	Treating Customers Fairly					

36. Consider the following factors under Being profitable. Tick the activities that you would consider to be CSR and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Factors to be considered	1	2	3	4	5

	Bank reporting a profit					
	Bank being profitable against a shrinking economy					

37. Consider the following activities under Operating within legal confines. Tick the activities that you would consider to be CSR and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Activities to be considered	1	2	3	4	5
	Paying taxes to ZIMRA					
	Abiding by RBZ rules & regulations					

38. Consider the following activities whether they are CSR issues by ticking off the most appropriate and use the scale to grade the level of importance for each factor with **1** being less important and **5** being very important:

✓ or X	Actions to be considered	1	2	3	4	5
	Lending to a business that is harmful to the environment					
	Lending to a business in which one of the directors has been traced on FCB					
	Lending to a business with non fiscalised receipts					
	The Bank is making a loss, should it initiate CSR activities.					

END. THANK YOU FOR PARTICIPATING

REFERENCES

Ayobami, A. P. & Ofoegbu, E. O., 2012. Impact of Corporate Social Responsibility on Bank Performance in Nigeria. *Journal of US-China Public Administration*, 9(4), p. 374.

Balmer, J. & Greysner, S., 2006. Corporate Marketing: Intergrating corporate identity, corporate branding, corporate communications, corporate image and corporate reputation. *European Journal of marketing*, 40(7), pp. 730-741.

Bartlett, J. E., Kotrlik, J. W. & Higgins, C., 2001 Spring. Organizational Research: Determining Appropriate Sample Size in Survey Research. *Information Technology, Learning & Performance Journal*, 19(1), pp. 43 - 50.

Bhasera, C. H., 2013. Internal Corporate Social Responsibility: A key tool for competetiveness in the Retail SME sector in Masvingo. *International Journal of Management Sciences and Business Research*, 2(10), pp. 73-80.

Brynard, P. A. & Hanekom, S., 2005. *Introduction to research in Public Administration and related academic disciplines.* Pretoria: Van Schaik.

Buchholtz, A. K. & Carroll, A. B., 2009. *Business and Society: Ethics and StakeholderManagement.* 8th ed. South-Western: Academic Internet Publishers.

Bucholtz, A. K. & Carroll, B. A., 2009. *Business and Society: Ethics and Stakeholder Management.* 8th ed. South Western: Academic Internet Publishers.

Burns, N. & Grove, S., 2011. *Understanding Nursing Research: Building an Evidenced-Based Practice.* 5th ed. Maryland Heights: Elsevier.

Cecilia, M. H. & Schants, V. C., 2007. Communicating Corporate Social Responsibility: Brand management. *Online Journal of Business Ethics and Organisation Studies*, 12(2), pp. 1-8.

Citi, 2014. *More than Philanthropy.* [Online]Available at: http://www.citifoundation.com [Accessed 27 October 2014].

Collis, J. & Hussey, R., 2003. *Business Research: A practical Guide for Undergraduate and Post graduate students.* 2nd ed. Basingstoke: Palgrave Macmillan.

Collis, J. & Hussey, R., 2009. *Business Research: A Practical Guide For Undergraduate and Postgraduate Students.* 3rd ed. Basingstoke: Palgrave Macmillan.

Dobers, P. & Halme, M., 2009. Corporate Sociaal Responsibility and Developing countries. *Corporate Social Responsibility and Environmental Management,* Volume 16, pp. 237-249.

economics, T., 2014. *Zimbabwe GDP*. [Online] Available at: http://www.tradingeconomics.com [Accessed 27 October 2014].

Esen, E., 2013. The Influence of Corporate Social Responsibility (CSR) activities on building corporate reputation. *International Business, Sustainability and Corporate Social Responsibility Advances in Sustainability and Environmental Justice,* Volume 11, pp. 133-150.

FinScope, 2011. *FinScope Consumer Survey Zimbabwe 2011,* Harare: Zimbabwe National Statistics Agency.

Fraenkel, J. R. & Wallen, N. E., 2006. *How to Design and Evaluate Research in Education with PowerWeb.* 6th ed. New york: McGraw-Hill.

Frynas, J. G., 2008. Corporate Social Responsibility and International Development: Critical Assessment. *Corporate Governance and International Development,* 16(4), pp. 274-281.

Galbreadth, J., 2009. Building Corporate Social Responsibility into Strategy. *European Business Review*, 21(2), pp. 109-127.

Galbreath, J., 2009. Building Corporate Social Responsibility into Strategy. *European Business Review*, 21(2), pp. 109-127.

Gapare, V. P., 2010. *Opening Address by the Chamber of Mines on CSR in Mining Sector*. Harare, White Sands.

Gibbons, D., 2011. *Held to account: a review of Corporate Social Responsibility in retail banking from the consumer perspective,* London: Centre for Responsible Credit.

Heinrich, E., 2014. *The apparent M-Pesa monopoly may be set to crumble.* [Online] Available at: www.fortune.com [Accessed 25 October 2014].

Leedy, P. D. & Ormrod, J. E., 2010. *Practical research: Planning and design.* 9 ed. Upper Saddle River: Prentice Hall.

Leonard, D. & McAdam, R., 2003. Corporate Social Responsibility: Quality and Ethics. *Quality Progress*, October, pp. 27-32.

Leonard, D. & McAdam, R., 2013. *Corporate Social Responsibility; Quality and Ethics,* s.l.: American Society for Quality.

Lloyds, 2014. *Days To make a difference.* [Online] Available at: http://www.lloydsbankinggroupcommunities.com [Accessed 27 October 2014].

Magwaca, K., 2014. *Can CSI influence education?.* Johanesburg, CSI Matters Trialogue.

Mandimika, E., Taderera, E., Nyikahadzoi, L. & Matamande, W., 2008. Corporate Social Responsibility in the Tourism Sector: The Case of Zimbabwe. *Journal of Academic and Business Ethics*, 1(1), pp. 1-11.

Mandimika, E., Taderera, E., Nyikahadzoi, L. & Matamande, W., 2008. Corporate Social Responsibility in the Tourism sector:The case of Zimbabwe. *Journal of Academic and Business Ethics*, pp. 1-9.

Masaka, D., 2008. Why Enforcing Corporate Social Responsibility (CSR) is Morally Questionable. *Electronic Journal of Business Ethics and Organisation Studies*, 13(1), pp. 13-21.

Masuku, C. & Moyo, P., 2013. Corporate Social Responsibility as an invention of public relations:A case of Econet and National Railways of Zimbabwe. *Journal of Media and Communication Studies*, 5(8), pp. 113-122.

Mathews, M., 2014. *Corporate leadership drives social change.* Johannesburg, CSI Matters Trialogue.

Matten, D. & Moon, J., 2008. "Implicit" and "Explicit" CSR: A conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *Academy of Management Review*, 33(2), pp. 404-424.

Neville, C., 2007. *The Complete Guide to Referencing and Avoiding Plagiarism.* 1st ed. Maidenhead: Open University Press.

Nyahunzvi, D. K., 2013. CSR Reporting among Zimbabwe's hotel groups: A Content Analysis. *International Journal of Contemporary Hospitality Management*, 25(4), pp. 595-613.

Obrien, D., 2011. Integrating Corprate Social Responsibility with competitive strategy. *Centre for Corporate Citizenship*, pp. 2-10.

Phillipson, J., 2013. *Economic Statecraft at Work: Promoting Corporate Social Responsibility in Zimbabwe.* [Online] Available at: http://blogs.state.gov [Accessed 18 June 2014].

Polit, D. F., Beck, C. T. & Hungler, B. P., 2001. *Essentials of Nursing Research: Methods.* 5th ed. Philadelphia: Lippincott.

Ponnu, C. H. & Okoth, M. O., 2009. Corporate Social Responsibility Disclosure in Kenya: The Nairobi Stock Exchange. *African Journal of Business Management,* 3(10), pp. 601-608.

Professor Cooper, D. R., 2011. *Research Design.* [Online] Available at: http://hafeezrm.hubpages.com/hub/Research-Design [Accessed 20 August 2014].

Robson, C., 2011. *Real world research: a resource for social scientists and.* 3rd ed. London: Blackwell.

Sanchez, P. E. & Benito-Hernandez, S., 2013. CSR Policies: Effects of Labour Productivity in Spanish Micro and Small Manufacturing Companies. *Journal of Business Ethics,* Volume 10, pp. 1-20.

Saunders, M., Lewis, P. & Thornhill, A., 2009. *Research Methods for Business.* 5th ed. Harlow: Financial Times Prentice Hall.

SCBZ, 2013. *2013 Audited Annual Report,* Harare: Standard Chartered Bank Zimbabwe Limited.

Skinner, C. & Mersham, G., 2008. Corporate social responsibility in South Africa: emerging trends. *Society and Business Review,* 3(3), pp. 239-255.

Skinner, C. & Mersham, G., 2008. Corporate Social Responsibility in South Africa: emerging trends. *Society and Business Review*, 3(3), pp. 239-255.

Skinner, C. & Mersham, G., 2008. Corporate Social Responsibility in South Africa: Emerging Trends. *Society and Business Review*, 3(3), pp. 239-255.

Van Rensburg, C. J., 2009. *ORGANISATIONAL PERSPECTIVES OF LEARNERSHIPS.* Vanderbijlpark: Vaal University of Technology..

Ventures, 2013. *Zimbabwe Threatens Foreign Banks with expulsion.* [Online] Available at: http://www.ventures-africa.com [Accessed 26 July 2014].

Yount, W., 2006. *Research Design & Statistical Analysis in Christian Ministry*. 4th ed. Louisville: North American Professors of Christian Education.

Zimbabwe, U. N., 2014. *Together We Deliver*. [Online] Available at: www.zw.one.un.org [Accessed 18 June 2014].