Corporate Social Responsibility in the Zimbabwean Construction Industry

by

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Overview

Construction Industry
What is it?

- It is a very crucial industrial sector for any society/country.

- It contributes immensely to the social fabric of any country while creating new environments (the built environment).
  - Creates and provides infrastructure for all other industrial sectors to carry out their economic processes, thus buildings, roads, railways, airports, mines, dams, etc.

- In a normal and functional economy, the sector together with its supply chain and associated professional services contributes roughly up to 15% of a country’s annual GDP (CIRIA, 2002).

- Acts as the barometer/gauge of the overall state of the economy of a country.

- The construction industry comprises generally of three subsectors:
  - Construction of buildings for commercial and residential purposes.
  - Civil Engineering, being construction of large structures like roads, bridges, railways, airports, dams etc.
  - Specialist sector which undertakes activities in the form of demolitions and clearing.

- In all these subsectors the industry utilises support services of different professional services of consultants and supply chain actors. However, we shall restrict our discussions to the construction companies (constructors/mabhiridha).
Corporate Social Responsibility

What is it?

- CSR represents one of the most widely debated contemporary business issues.

- Broadly, it is the responsibility that an organisation takes for the impact of its economic activities on the various stakeholders with whom it interfaces and whom it affects, e.g. employees, customers, communities and the environment in which the businesses operate.

- Put differently, it is the carrying out of **VOLUNTARY** activities by business organisations in the community and environment in return for the human and natural resources they benefit respectively.

- Voluntary activities are those which are over and above the legal and statutory obligations to encompass a real and sustained responsibility to those that are affected by the business’s impacts.

- However, CSR is given many definitions by different societies. According to the International Institute for Sustainable Development (IISD) 2004, there is no one universally accepted definition. A Norwegian, A Dahlsrud (2006) analysed and found that there were 37 different definitions of the concept from 27 authors from 1980 to 2003 and mainly by Europeans and Americans.
  - Social responsibility, social citizenship, corporate citizenship.
  - For more and fuller definitions refer to his paper “How CSR is defined: An Analysis of 37 Definitions” available at www.interscience.wiley.com

- Despite the different definitions, CSR has 5 key dimensions which give the congruency of the definitions.
  - Economic
  - Social
  - Environmental
  - Stakeholder
  - The voluntary aspect.
The stakeholders are:

- Clients / consumers of built environment products
  - They comprise individuals or individual companies who build their premises once and individuals who build their homes for occupation.

- Individual or institutional developers who build, sell or lease facilities, thus,
  - Property developers, pension funds, property companies, government and local municipal councils.

- Government agencies and local authorities

- Local communities

- Investors

- Suppliers
Corporate Social Responsibility (CSR)

Why CSR

- To fulfill the sustainability agenda
  - The present generation meets its developmental needs without compromising the ability of future generations to meet their own - World Commission on Environment & Development (WCED) 1987 – Norwegian Prime Minister Harlem Brundtland.
  - CSR is the contribution that construction companies can do to the sustainability agenda.
- Business organisations adopt CSR as part of their strategic policies and management
- Parent companies instructions.
- Board of Directors demand it to fulfill aspirations of shareholders and stakeholders to enhance reputation & image.
- Stock exchange listing requirements
- Competitive advantage in the market place.
- Reporting requirements
- Attainment of the Millennium development goals (MDGs) e.g poverty alleviation,
- Ability to attract and retain workers, customers, clients or users.
- Maintenance of employees’ morale, commitment and productivity.
- Positive view by investors, owners, donors, sponsors and the financial community.
  - Investors & financiers will not deal with organisations that are non compliant
- Favourable relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates.
  - These stakeholders are have become so informed that they are demanding CSR take-up & compliance

- The above are some of the reasons why businesses carry out CSR. However, there are five key drivers:
  - Greater awareness of corporate, ethical, social, and environmental behaviour by stakeholders.
  - Direct pressure by stakeholders.
  - Pressure by investors.
  - Pressure from business peers.
  - An increased sense of social responsibility.
A framework devised by Porter and Kramer (2006) identifies all aspects of CSR whose effect could be positive or negative. It enables the organisation to identify and determine aspects that need to be addressed. The framework utilises the value chain concept which can be used as a tool since all business activities will in a way impact on the community and environment. The aspects of the framework are:

**Primary Activities**

- Inbound logistics
  - Transportation impacts for example emissions, congestion, logging roads.
- Operations
  - Emissions and waste
  - Biodiversity and ecological impacts
  - Energy and water usage
  - Worker safety and labour relations
  - Hazardous materials
- Outbound logistics
  - Packaging use and disposal
  - Transportation impacts
- Marketing and Sales
  - Marketing and advertising
  - Pricing practices
  - Consumer information
- After sale Service
  - Disposal of obsolete products
  - Handling of consumables
  - Customer privacy
Support Activities

- **Company infrastructure**
  - Financial reporting practices
  - Government practices
  - Transparency
  - Use of lobbying

- **Human resource management**
  - Education and on the job training
  - Safe work conditions
  - Diversity and discrimination
  - Health care and other benefits
  - Compensation policies
  - Layoff policies

- **Technology development**
  - Relationship with tertiary institutions and vocational training centres
  - Ethical research practices
  - Product safety
  - Conservation of raw materials
  - Opportunities to recycle materials

- **Procurement**
  - Procurement and supply chain activities
  - Uses of particular inputs
  - Utilisation of natural resources
Benefits due to CSR

- To the environment
  - Energy consumption and management
  - Climate change
  - Water use
  - Waste management
  - Sustainable environmental
  - Reduction of environmental impact

- To the market place
  - Suppliers and clients
  - Ethics and governance

- To the workplace
  - Employees
  - Diversity
  - Training and development
  - Communication
  - Health and Safety

- To the community
  - Charitable donations
  - Local community links

It is not possible for companies to carry out identical activities at the same time because of their different sizes and ability to finance the cost of activities.

This notion is collaborated in Porter and Kramer (2006) wherein they state that, "within an industry, a given social issue may cut differently for different companies, owing to differences in competitive positions. In the auto industry, for example, Volvo has chosen to make safety a central element of its competitive advantage, while Toyota has built a competitive advantage from the environmental benefits of its hybrid technology"
Like anything else to do with human beings, CSR has its own critics. According to Baker (2008) arguments against CSR among many are:

- “Businesses are owned by their shareholders therefore money spent on CSR by managers is theft from the rightful property owners”, Friedman (1983).
- “The leading companies who report on their social responsibility are the basket cases – the most effective business leaders don’t waste time with this stuff”.
- “Our company is too busy surviving hard times to do this. We can’t afford to take our eyes off the ball – we have to focus on core business”, typical of the current Zimbabwean situation.
- “It’s the responsibility of the politicians to deal with all this stuff. It’s not our role to get involved”.
- “I have no time for this. I’ve got to get out and sell more to make our profit line”.
- “Corporations don’t really care because they’re just out to screw the poor and the environment to make their obscene profits”.

These are some of the concerns that have been raised against CSR even though some of them seem to come from ill-informed persons.

To counter such critics, there is need for more training as such attitudes will spell disaster for the business when considering that the CSR is being driven by stakeholders to the businesses.
Construction industry the world-over has been slow at embracing CSR. However, the developed countries have adopted and are implementing most of the CSR aspects. This is evident through the now available plethora of literature and research papers.

Developing countries are slowly adopting the same. However, there is need to encourage more companies to join in.

Ways to increase take-up:

- Industrial volunteer organisations like CIFOZ and ZBCA in conjunction with NEC and Government to contact seminars and workshops to educate and conscientise their members.
- The same organisations and statutory bodies to interact with tertiary institutions so that tailor-made courses are availed to the future industrial manpower.
- CIFOZ must develop its own CSR vision and policy - ZBCA displays its own in their reception.
- Both CIFOZ and ZBCA to work on common good and force NEC to enforce the existing industrial bye-laws in respect of construction procurement and processes.
  - Tender procedures and compliances
  - Award of construction projects
  - Control of construction regulations, specifications and standards
- Liaise and encourage higher learning institutions to carry out researches on construction processes and CRS for the benefit of the industry.
According to a South African Academic at Nottingham University in UK, Wayne Visser, developing countries in general and Africa in particular, (Zimbabwe included), rely too much on classic approaches to CSR, thus, European and American. There is need to relook at this in view of adopting and remodelling CSR to suit the development matrices of Africa. This entails our local academics and practitioners teaming up with the industry to carry out researches utilising the available classics’ literature and infusing with the continent’s imperatives.
QUESTIONS ????

THE END