

# **CORPORATE SOCIAL RESPONSIBILITY IN ZIMBABWE: A CONTENT ANALYSIS OF MISSION STATEMENTS AND ANNUAL REPORTS**

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## **Abstract**

*This article reports findings of a content analysis of mission statements and company reports of Zimbabwe's largest corporations. The analysis shows that mission statements emphasise customer interests and the maximisation of returns for shareholders, while corporate reports give more attention to financial than to social issues. This might indicate that social responsibility is still a peripheral concern in most Zimbabwean corporate life. In the absence of a legal framework mandating social responsibility, social issues will continue to receive peripheral attention in corporate policies, strategies and information systems.*

## **INTRODUCTION**

THE NOTION OF an open system in organisational theory provides a useful framework for understanding the intricate relationship between business and society. As the environment within which business operates, society presents certain constraints on the operations of business. On the other hand, in the process of producing and distributing goods and services, business organisations engage in activities that generate a wide variety of social impacts.

In Zimbabwe, concern with the social impact of business activity seems to have gathered momentum with the introduction of the Economic Structural Adjustment Programme (ESAP). In contrast, in the United States of America this discourse can be traced as far back as the early 1950s (Frederick, 1983, 150). A combination of public ownership of a sizable segment of the economy and government's interventionist policies in economic and social affairs is responsible for the hitherto relative lack of interest in the social impact of business in Zimbabwe. It is against the background of the new economic order brought about by ESAP that the concept of corporate social responsibility will increasingly become important.

The effects of ESAP — intended and unintended — are the enhancement of the profitability and power of the private sector. As the government's role in economic and social issues is curtailed, society expects the private sector to increase its sensitivity and responsiveness to social needs.

Mounting public criticism of business, however, is indicative of society's disillusionment about the willingness of the private sector to live up to these expectations. Since the introduction of ESAP, social problems have increased, many of which are a direct outcome either of business activity or of policies implemented as a means of reducing the cost of doing business.

Business has been condemned for contributing to the already high levels of unemployment, through the abuse of its enhanced power to hire and fire, by retrenching workers as a panacea to all organisational problems or merely as a way to maximise profits (Dube, 1995; Mugabe, 1996; Sachikonye, 1995). There have also been allegations that businesses have taken advantage of the relaxation of trade regulations under ESAP to disregard the quality of their services and products in pursuit of profit (Nyambuya, 1993, 4). There is some evidence, however, that points to business's increasing attention to quality. Several courses and workshops have been conducted to inform manufacturers of the importance of meeting ISO standards as a way of increasing competitiveness in export markets. It is imperative for local businesses to improve the quality of their products and cut prices in order to compete with imports.

The tendency to reward workers below their level of effort (Dube, 1995) exacerbates the economic and social problems resulting from the introduction of user fees in education and health, the removal of subsidies and the decontrol of prices and wages.

Business has also been condemned for disregarding the environmental impacts of their activities. The major contributors to this problem are the mining and chemical industries (IIED, 1992, 19). The environmental problems associated with these industries originate from prospecting activities and the management and disposal of waste and effluent. The death of fish in Lakes Manyame and Chivero have been attributed partly to the discharge of poisonous material into these lakes. For instance some toxic waste from chemical industries situated in the Msasa area of Harare has reportedly found its way into the catchment area of Lake Chivero, which is the main source of water for the city of Harare.

#### CORPORATE SOCIAL RESPONSIBILITY

The concept of corporate social responsibility is based on the argument that business is sanctioned and promoted by society. Society legitimates business by allowing it to function and to use the scarce resources. Society also provides an environment for business to earn profits (Dubrin, Ireland and Williams, 1989, 67). In turn society expects business organisations to be good corporate citizens, obeying society's laws and refraining from activities that have negative social impacts such as

pollution, discrimination and exposing workers to hazardous working conditions. Besides, business organisations have an obligation to act for the social good. Under this social contract, business should not exist just to make profits but it has an obligation to have a proactive role in finding solutions to society's many problems and to engage in activities aimed at improving society's welfare, even if in so doing it reduces its economic profits (Drucker, 1955, 376; Frederick, 1983, 145).

Social accounting or social auditing dates back to the 1940s (Carroll, 1981, 366), when people began to question profit as the *raison d'être* for business. It is an operation aimed at assessing the social repercussions of business activities. It is a systematic attempt to identify, analyse, measure (if possible), evaluate and monitor the effects of an organisation's operations in society (Blake, Frederick and Myers, 1976, 3). A social audit report is therefore intended to provide objective, accurate, and comprehensive information about an organisation's social performance. Corporate social information should include, among other things, the amount of pollution generated by the corporation and efforts to control it, the use and conservation of energy, management and disposal of waste, health and safety of employees and community involvement. Social accounting is not meant to replace financial accounting. If used together, they present a better picture of a company's total performance than either can alone (American Institute of Certified Public Accountants, 1977, 3). In other words, corporate audits and reports need to go beyond the traditionally reported economic effects and to provide information on corporate social performance (Estes, 1976, 3).

All the various constituencies of a business need information on its social performance. Corporate directors and corporate executives need social auditing as an evaluative as well as a planning tool. Social information helps them to assess their company's social performance in the past and also sensitises them on various social matters that need to be addressed in future. Employees need social information because they want to feel they are performing responsible work for a responsible company (Estes, 1976, 5).

When this feeling is lost, turnover may increase, productivity may drop and corporate secrets may turn up in the morning paper.

Corporate social performance reports should therefore be accessible to the workers and should also be expressed in a language that workers can understand.

The government, shareholders, trades unions, the press, consumer groups and other organisations in civil society want assurance that business organisations are good corporate citizens, obeying society's laws and protecting society's welfare. They also want assurance that business is

taking an active role in finding solutions to the numerous problems society faces, many of which result from the operations of business.

In view of the growing public concern about the negative social impacts of business activities, the auditing and reporting of the social performance of a business should be made an integral aspect of business accounting and reporting systems. Through social reporting a business avoids government obtrusiveness, reasserts its legitimacy to its stakeholders and avoids suspicion and criticism from the media, trade unions and consumer organisations.

Corporate social reporting and corporate social commitment, although not synonymous, are likely to go hand in hand (Lessem, 1979, 27). Companies who report on social issues are likely to be more socially involved than those that do not. Also, the collection and publication of information about the social impacts of company activities is more likely to influence that company's future decisions on social involvement (Dierkes and Antal, 1986, 113).

### METHODOLOGY

All the 63 companies listed on the Zimbabwe Stock Exchange as of 24 April 1996 were contacted by mail and asked for copies for their mission statements, strategic plans and annual reports for the 1995/96 financial year. Only two companies sent their strategic plans since many companies considered strategic plans to be confidential documents. The analysis was therefore confined to mission statements and annual reports. The contents of the two sets of documents were analysed. The objective was to assess the inclusion of social issues in the two documents. The number and nature of social issues included in these documents provide a measure of awareness of social responsibilities.

The greatest advantage of content analysis as a technique in social research is its unobtrusiveness. Many research techniques produce reactive effects on the subjects as the latter have a tendency to 'distort, openly lie or colour their responses in particular ways' when they are conscious of being studied (Adams and Schvaneveldt, 1985, 305). Content analysis yields insights that would otherwise be impossible to obtain through questioning.

### RESULTS OF ANALYSIS

Of the 63 companies contacted, 45 responded. Of the 45 responding companies, 38 sent copies of their mission statements and 41 sent copies of their annual reports. I also inspected the files of the non-responding companies at the companies' registry. Of those 18 files inspected at the

registry, 11 had annual reports for the 1995/96 financial year. Three of those included their companies' mission statements. A total of 41 mission statements and 52 annual reports were analysed.

### **Mission statements**

The reasons for not sending mission statements are summarised in Table 1 below.

*Table 1*  
**REASONS FOR NOT SENDING MISSION STATEMENTS**

<b>Reason</b>	<b>No. of Companies</b>
No reason	3
Still working on it	1
Organisational problems	1
Change in management	1
No written mission statement	1
<b>Total</b>	<b>7</b>

The company that gave 'organisational problems' as the reason for not sending its mission statement was under provisional liquidation and management thought that would 'certainly bias' my findings. Where the reason for not sending the mission statement was 'change in management', the managing director had just assumed responsibility of the company and therefore felt unable to release the document. Nine of the 41 mission statements were separate documents, the rest were contained in company annual reports.

Typically, a corporate mission statement is a qualitative, non-detailed, and ambiguous declaration of intent (Antal, Dierkes and Hahmer, 1994, 25; Piercy and Morgan, 1994, 2). The ambiguous and largely abstract nature of corporate mission statements renders them practically unimplementable (Antal *et al.*, 1994, 26) and can therefore be seen to serve little purpose in the organisation.

The analysis of corporate mission statements can, however, generate some valuable insights about relations between business and society. As a generalised statement of intent, a corporate mission statement defines what the organisation is and what it stands for (Piercy and Morgan, 1994, 5). A corporate mission statement therefore codifies the values that shape corporate decisions and also provides a framework within which those decisions can be implemented and evaluated (Antal *et al.*, 1994, 25; Piercy and Morgan, 1994, 1). Awareness precedes any rational action.

Business corporations will only be involved in social issues if they are aware of their social obligations. The perception of an organisation's own social responsibility is likely to determine the nature of its social involvement and the amount of resources it is willing to spend on social issues. From an analysis of mission statements one can easily tell who the organisation regards as its important stakeholder among numerous of them such as shareholders, employees, customers and the community. Table 2 summarises the social issues included in mission statements analysed.

*Table 2*  
SOCIAL ISSUES IN MISSION STATEMENTS

<b>Issue</b>	<b>No. of companies</b>
Customers' interests	38
Shareholders' interests	33
Employees' interests	21
Environmental concerns	19
Community involvement	17

Customers' interests comprised the concern with providing customers with quality products or services and concern with fostering cordial relations with customers. The latter included beliefs about the importance to 'timeously adapt and react to customer needs'. Out of the 38 statements that mentioned customer interests, 32 included the need to strive for and maintain high product quality. Eight of them mentioned the need to foster cordial relations with the customers in order to be able to assess their needs and requirements. Companies that emphasised customers' interests were predominantly in the service sector.

Concern for shareholders was invariably expressed as the need for companies to maximise returns on shareholders' investments. All the statements that mentioned shareholders' interests stated that as providers of capital, shareholders were to be assured of 'fair', 'acceptable' or 'maximum' returns on their investments.

Employees' interests encompassed health and safety, worker participation in ownership and decision-making, provision of social services, skills development and motivation. Of the 21 statements that mentioned employees' interests, 17 mentioned workers in connection with productivity-related issues such as 'motivation', 'maximum utilisation of skills', 'rewarding excellence' and 'ensuring that rewards are commensurate with contributions'. Twelve of them expressed a commitment to the provision of healthy and safe working environments.

Nine statements included a commitment to the general welfare of their workers. This included providing housing or housing loans for workers, paying school fees for workers' children besides the 'traditional' benefits such as pension and medical contributions. Five statements mentioned involvement of workers in decision-making and three mentioned worker participation in ownership through employee trust shares, one of them specifying that those shares were meant for 'senior employees'.

Nineteen statements mentioned environmental issues, with 15 of them stressing the importance of environmental protection, while six included environmental rehabilitation as one of their social responsibilities. The six companies that included environmental rehabilitation were in the mining and agro-industrial sectors. These are among the sectors that have been accused of being the major agents of industrial pollution in Zimbabwe (IIED, 1992, 19). Two statements mentioned the companies' involvement with the Environmental Forum of Zimbabwe (EFZ) as evidence of its commitment to the protection and rehabilitation of the environment.

Seventeen statements mentioned corporate philanthropy as one of their social responsibilities. Corporate philanthropy refers to contributions of a charitable nature made by a business corporation to the community. Corporate philanthropy included support for cultural, sporting, educational, and other institutions, especially those catering for the disabled, orphans, the aged and the poor.

The analysis of mission statements shows that the two most important concerns of Zimbabwe's business organisations are responsiveness to customers' interests and maximisation of returns to shareholders' investments. Over 92% (38 out of 41) of the companies mentioned concern for customers' needs in their statements. Over 80% (33 out of 41) of the companies mentioned the need to maximise returns to their shareholders' investments. This is evidence of the primacy of profit. While concern with product and service quality might, in the long-run, benefit the customer, it might initially have been a concern with establishing and maintaining a competitive advantage. In a market economy attention to total quality management becomes an important issue not so much out of concern for the consumers' interests but as a competitive strategy.

The next most important stakeholder for many Zimbabwean business organisations seems to be the providers of capital. The prioritisation of customer needs before shareholders' interests in mission statements seems to make profit sense. Products or services have to be sold in order to make profits from which shareholders can get their dividends. This shows that profits or the interests of shareholders are the most important responsibilities of Zimbabwe's businesses.

According to Piercy and Morgan (1994, 7) there seems to be a general agreement that a holistic mission statement should reflect all the following

elements — organisational philosophy (what do we want this organisation to be and to stand for?), product market domain (where are we going to operate and what is our field of operation?), organisational key values (what do we want people in this organisation to be good at and how do we want them to behave?), and critical success factors (what do we have to be good at in order to be successful in this market or industry?). From these four concerns Piercy and Morgan developed four models of mission statements (See table below).

*Table 3*  
TYPES OF MISSION STATEMENTS

Global mission	Organisational mission
Market mission	No mission

A 'global mission' is one that encompasses all the dimensions referred to above. It is one that takes into account internal and external factors. An 'organisational mission' is one that emphasises internal values only, such as organisational beliefs and philosophy. A 'market mission' is one which focuses on the definition of the market and critical success factors in the market place. A statement that does not define internal values and external domain is 'no mission'.

In their analysis of German corporate policy statements Antal and others (1994, 66) observed that the focus was more on productivity than on an interest in providing a more humane and satisfying workplace. They found that almost 60% of the statements mentioned the need to achieve high yields in their corporate aims. Forty-five percent mentioned safeguarding employment and 40% mentioned orientation to international competition. Product quality was an issue in more than 50% of the statements. Concern with product quality stressed the aim to guarantee 'first class product quality' and also to ensure performance at fair market prices. Piercy and Morgan (1994, 29) concluded that profit continues to be a prime concern of corporate policy. These figures compare with those relating to Zimbabwean organisations. They present a similar emphasis — an emphasis on productivity, product quality and market issues.

Although some social themes appear in a number of mission statements, as Antal and others observed for German corporations, few corporate mission statements in Zimbabwe focus on the 'humanisation of the workplace' as a social responsibility towards their workers. This would include job enlargement, job enrichment, development of semi-autonomous work groups and promotion of employee capital ownership. Few statements also include issues with broader social repercussions

such as unemployment, democracy, urbanism, national food security and Aids. Most of Zimbabwe's corporate mission statements fall into the 'market mission' category.

### Annual reports

The analysis of Zimbabwean corporate reports indicates that financial issues receive detailed coverage, with very little mention of social issues. The archetypical Zimbabwean corporate report begins with the Chairman's statement or report. This usually consists of a review of the past year — the general economic and investment climates, finances and operations, an assessment of future prospects or forecasts and acknowledgements to board members, management and workers. The rest of the document is made up of balance sheets, income statements, cash flow statements, notes to financial statements, independent auditors' reports and announcements of annual general meetings. Most of this information is statistical and presented in sophisticated accounting language and format, making it largely incomprehensible to the non-expert.

Although the emphasis of corporate reports is on financial issues, issues of corporate social involvement have been reported, although often as footnotes to financial issues. The table below shows the social issues appearing in the reports and the number of companies including those issues in their reports.

*Table 4*  
INCLUSION OF SOCIAL ISSUES IN CORPORATE REPORTS

Subject	No. of companies
Benefits to employees	42
Employee welfare	35
Environmental protection	17
Donations to community	17
Health and safety	15
Environmental rehabilitation	13
Infrastructural development	7
Training	6
Other	5

Social issues included in annual reports took up between two lines and one page of the whole report. Reporting of such issues is typically descriptive and tends to be general. While it is important to present reports in a language and format that can be easily understood by all the organisation's publics, quantifying corporate social involvement may also

be useful as it indicates the amount of resources an organisation spends in socially responsible activities compared to other activities. Expressing social involvement in financial terms enables the companies' publics to appreciate the extent to which companies are willing to sacrifice profit for the social good.

Social issues appearing in the reports were predominantly concerned with companies' social responsibility to their employees, with 42 reporting on the benefits provided to workers. 'Benefits to employees' included companies' contribution to employees' pension, medical aid and social security schemes. 'Employee welfare' included reports on the provision of housing loans and scholarships to children of employees.

'Environmental protection' and 'environmental rehabilitation' focused on reports about companies' efforts to reduce the negative impacts of their activities on the environment and efforts at finding solutions to the already damaged aspects of the environment. Two companies produced, in addition to financial reports, separate environmental reports of 16 and 20 pages respectively. They were companies in the mining and agro-industrial sectors. These companies were members of the Environmental Forum of Zimbabwe (EFZ), a voluntary grouping established in 1992 by companies concerned with environmental issues. These documents included the companies' environmental policies, the results of environmental impact assessments and environmental management strategies and activities. Besides these two environmental reports, there were no separate reports focusing on other impacts of businesses on society.

### **The necessity for legislation**

This study has presented evidence that the primacy of profit maximisation remains unchallenged in Zimbabwe and that it will remain so for a long time to come. The outspoken proponent of the view that management's only social responsibility is to maximise profits is Milton Friedman (1962). Business's obsession with profit maximisation, however, makes it difficult for business voluntarily to formulate policies and to engage in activities that have the potential to reduce its profits. As Maitland (1995, 133) states, we will continue to rely on legal compulsion to ensure that business engages in socially responsible activities.

Corporate social responsibility is widespread where it is mandated by law (Dierkes and Antal, 1986, 113). For instance in France, where corporate social reporting is widespread, a law requiring social reporting was passed in 1977. In 1978 the law made it mandatory for all firms with more than 750 employees, and in 1981 for all firms with more than 300 employees, to prepare social reports according to an established catalogue of indicators. As a result of this regulation there are more businesses

involved in social reporting in France than in the United States of America and Germany.

In Zimbabwe there is no specific law that makes corporate social responsibility mandatory. In 1994 the Government of Zimbabwe, through the Ministry of Environment and Tourism, produced an Environmental Impact Assessment Policy (EIAP), whose objective 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 realised (Ministry of Environment and Tourism, 1994a, 1).

The policy defines the environment as:

... the air, land, water, plants, animals, humans and their historical and cultural characteristics as expressed physically, socially and economically (*Ibid.*, 4).

This definition demonstrates a recognition by the government that the environment of business is more than the physical conditions within which business exists but includes everything outside of, and having the potential to affect or to be affected by the activities of the organisation. The EIA policy attempts to delineate the numerous social issues that businesses have to take into consideration. If implemented, the policy would 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 realised (*Ibid.*, 1).

The greatest shortcoming of the policy, however, is its non-mandatory character. As Chinamora (1995) has argued, the policy is unlikely to have an impact in its present form since no legal compulsion exists for developers and project proponents to follow its mandate. The existing pieces of legislation that have a bearing on the environment are scattered in various ministries. Corporations have engaged in socially responsible activities largely through voluntary self-regulation as a result of 'self-enlightenment' or the promptings of their 'corporate consciences'.

A spokesman of one of the sponsors of the best company annual report competition announced that with effect from 1997 they will sponsor an award for a company that would have done the most for its employees and workers. The award will consider such issues as strong affirmative action policy and programmes, effective employee development and support programmes, best industrial and human relations practices, meaningful employee involvement and best community and social responsibility programmes (*The Herald*, 5 October, 1996). This development

will act as an incentive for more companies to report on their social performance. It does not, however, have a deterrent effect, which is what a comprehensive environmental law requires.

In the absence of a legal framework giving force to social accounting and social reporting, a few organisations will make social information an important element of their information systems. A comprehensive law on corporate social responsibility would not only produce a catalogue of social performance indicators but would also make third party social audits compulsory.

Depending on self-disclosure to assess corporate social performance has one big detriment. Information obtained through self-disclosure tends to be biased, distorted and self-serving either intentionally or unintentionally. It tends to be carefully selected to avoid bad impressions while exaggerating the good works or social benefits produced by the organisation. Biased or distorted information is dangerous as it is misleading and can lead to inappropriate responses.

Without a specific law regulating corporate social performance, social issues will, at best, receive footnote attention in business policies, strategies and information systems.

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