

Corporate social responsibility in the tourism sector: The case of Zimbabwe

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ABSTRACT

Corporate social responsibility is a topical and strategic practice in business. Many companies are adopting it: some underwrite social welfare problems such as HIV, education and manpower development, but increasingly some companies are turning to environmental sustainability issues possibly as a way of enhancing their image. In addition to documenting the prevalence of corporate social responsibility, the purpose of this article is also to determine what influences tourism entities to adopt the concept of CRS. The ultimate aim is to guide companies to be strategic in their CRS so that they benefit from the process.

Keywords: Corporate social responsibility; adoption; approach; businesses.

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INTRODUCTION

As many scholars have shown, corporate social responsibility is not a new phenomenon; it has been practiced over time and globally by business. Some businesses undertake corporate social responsibility for philanthropic reasons especially those of a religious background. Others, particularly those operating in extractive industries adopt the concept because they are pressured by interested groups, governments or society itself to embrace the concept. Yet other groups will see corporate social responsibility as an opportunity to align it with their business strategy. Whatever influences a company to have a corporate social responsibility policy, evidence supports the notion that corporate social responsibility is here to stay and even the smallest of all businesses can no longer turn a blind eye to them. Although Hollender (2004) seems surprised by the extent companies have become socially responsible, Starkey (2001) submits that this has become a yardstick for the success of business.

More locally, published accounts of listed companies in Zimbabwe show an involvement in some social responsibility programme since evidence on the ground shows that businesses in Zimbabwe are practicing corporate social responsibility it is also imperative that we establish why they are adopting the policy. The purpose of the paper is to establish why companies in the tourism sector in Zimbabwe are adopting corporate social responsibility.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility in this paper takes into account various definitions. It means good works to the community and good stewardship of the environment undertaken by a business voluntarily, going beyond legal requirements or trade union requirements (Vallee, 2005; McAdam and Leonard, 2003; Petkoski and Twose 2003; Kakabadse and Morsing, 2006). Forms of corporate social responsibility vary, and include sponsorship of education of the disadvantaged, building recreational facilities for communities etc. The companies studied were involved in some of the following as their social responsibility activities; support of health institutions, sports, old age institutions, educational needs of communities, political campaigns.

Hess, Rogovsky and Dunfee (2002) mention that businesses will be spurred to adopt corporate social responsibility in order to fulfil a strategic goal or a moral need or they are better placed to deal with the situation than other organisations. Lavelle (2002) agrees with this and adds that corporate social responsibility can be used by companies as a strategic tool if the programme is aligned to the business goal resulting in giving it a competitive edge over others in the same way that price can be used. He further argues that where corporate social responsibility is successfully weaved into the company's goals; the effect on enhancement on the brand name of corporate social responsibility cannot be challenged. For Picket, 2008, this is a smarter way of gaining mileage from public relations through corporate social responsibility because it results in a win-win situation, with the company being viewed more favourably by both society at large and shareholders. The company can also become a trend setter with competitors seeking to use it as a benchmark on corporate social responsibility. Not all corporate social responsibility programmes will automatically result in the business gaining a competitive advantage, more ingenuity to align it to its strategic goals must purposefully be pursued otherwise a company will find itself with a bunch of programmes that are far removed from the goals of the company (Viewpoint, 2008, Galbreath 2006). This may achieve nothing for the business other than actualization of the desire to do well.

Sharma and Talwar (2005) acknowledge that the business world is dynamic, with companies compelled to keep up with changes taking place in the environment but pressure groups, in the form of governments, employees, consumers, investors communities expect business to do what is right even in the face of changes in technology, environment and attitudes. "Viewpoint" (2008) argues that management can be forced to adopt corporate social responsibility to remain relevant. This is fulfilling the moral goal, by doing what is right in the eyes of society. Doing what is right puts a burden of adoption of corporate social responsibility on businesses because they are perceived as taking from society and should therefore give back to society. Society views profits, the sole purpose for the existence of most businesses as placing them in a better position to apply the concept. This view was supported by Drucker (1954) who argued that organizations are organizations of society and that their actions must have an impact on the social scene. This is social responsibility. (Drucker, 1954; Smith, 2007).

The final reason of why companies may adopt corporate social responsibility is that they maybe better placed to deal with some of societal ills. Companies operate in competitive markets and develop unique competencies that may make them better suited to dealing with society's problems than governments or non-governmental organizations (Fernando, 2007). They can also have a large knowledge base and stocks which may not be matched by governments or non-governmental organizations. Smith (2007) limits this capability to large organizations mainly, as small businesses tend to have limited resources.

THEORETICAL APPROACHES TO CORPORATE SOCIAL RESPONSIBILITY

We noted that businesses will adopt a corporate social responsibility in order to achieve a desired goal. The policy adopted will be influenced by one or the other of the two theoretical approaches namely, the classical economic approach or the socio economic approach.

The Classical Economic Approach

Adam Smith was the earliest authority on the classical approach (Kreitner,2000). The approach upholds the maximization of the shareholder's wealth as the responsibility of business and not involvement in corporate social responsibility. This should be left to governments. It is argued that when the shareholders' interests are fully served, businesses become socially responsible (Smit and de J Cronje, 2004; Donaldson, Werhane and Cording, 2002; Hellriegel and Slocum, 1992; Porter and Kramer, 2002). In other words, if a company seeks to gain competitive advantage through corporate social responsibility, or does what is right in the eyes of society by solving a perceived need, it will be going outside its mandate. According to this thinking when a company makes profits it becomes socially responsible through payment of taxes and payment of better salaries, thereby alleviating poverty for its employees. Profitability is compromised when managers engage themselves in social tasks not legally required of them; as they are distracted from their main goal of maximization of shareholder wealth. Many scholars feel this approach influences less and less the adoption of corporate social responsibility programmes. The approach is also highly unfavourable to the general public.

The Socio Economic Approach

This approach is popular and is generally applied in business. Smit and de Cronje (2004) contend that companies owe society more than the supply of goods and services, they

are accountable for the ecological, environmental, and social costs resulting from their actions and therefore ideally companies have to respond to society's problems even though they may not be directly responsible. In applying the theory, businesses have to take into account the stakeholder theory, a social reaction view to groups that have a potential to influence or the power to affect a business' decisions and actions. Managers must weigh and balance the interest of stakeholders and shareholders (Donaldson, Werhane and Cording 2002). Corporate social responsibility becomes a necessity in conducting business. The authors view the socio economic approach as the better approach to influence the corporate social responsibility policy: whether desiring to fulfil a moral need, or a strategic or an advantage that the business has. In applying this concept businesses have a chance to be in control and come up with more favourable programmes benefiting the company in the long run as well as benefiting society. The classical approach with its focus on the shareholders needs may force companies to, as indicated by Waddock et al (2002), be reactionary rather than being proactive towards corporate social responsibility which can turn out to be both costly and suicidal for the business' future survival. Andrew Crane and Dirk Matten (2010) refer Jack Welch, former chief executive officer of General Electric's statement that a stakeholder theory only interested in the shareholder is a dumb idea.

RESEARCH METHODOLOGY

The study concentrated on the tourism industry in Zimbabwe. This sector is one of the major economic contributors to the economy. Most of the tourism facilities are found in impoverished communities. The sector has corporate social responsibility programmes in those communities and elsewhere. It is important to establish why the sector has adopted the policy. It is important to establish this as it can guide companies in the sector to harness the strategic benefits of corporate social responsibility. A few of the programmes being undertaken include support of institutions like hospitals, old age homes, HIV centres and orphanages.

The sampling frame for the study was based on the accommodation industry. According to the Zimbabwe Tourism Authority, exhibition catalogue, for the 2007 Zimbabwe International Travel Expo, there are at least 4 major groups of hotels and at least 20 players involved in the tourist accommodation. The four largest players in this sector are: the A Group, the B Group, the C Group and the D Hotel. The D Hotel is not included in the study as it is only found in Harare and not in any other part of the country. Among the small players the E Lodges of Africa, were included in the population as it was felt its inclusion would make a major contribution to the study. The E Lodges of Africa have pioneered ground breaking community based conservation strategies positioning the group as leaders in ecotourism and conservation (Zimbabwe Tourism Authority, exhibition catalogue, 2007:21). The A Group is the leading player in the tourism and hospitality industry: managing 13 hotels and resorts across Zimbabwe, one in South Africa, and a time share in Mozambique. The study was interested in the hotels only in Zimbabwe and therefore covered the three hotels in the Victoria Falls, one in Hwange; Mutare, Bulawayo, Nyanga, Beitbridge, Great Zimbabwe, and Kariba respectively and three in Harare.

The other major player, the B Group operates 9 hotels and lodges in major cities and resort areas in Zimbabwe. The group runs one hotel and conference centre in Harare and Kadoma respectively; two in Victoria Falls; two lodges in Hwange; one lodge at Great Zimbabwe; and two in Bulawayo. The C Group is a major player in Africa with management contracts and resort hotels in Zimbabwe, Botswana, Zambia, and Ghana. However, for the purposes of the study only Zimbabwe was of interest. The Group operates 4 hotels: three in Harare; and one in Bulawayo. The River Lodges of Africa incorporates three Safari Lodges

in the South East of Zimbabwe. The population frame for the study was therefore 29 hotels and lodges from the major players in the accommodation sector.

Qualitative research was used, with data collected from primary sources the media, and company reports. The method was chosen as it would provide current, subjective information from respondents. Quantitatively, a small sample was used. In total four interviews were held. A large sample would have been costly both in terms of finances and time. The sampling frame for the study was based on the accommodation industry which is one of the largest sectors. A purposive sampling technique was adopted using the following criteria; wide geographical presence in the country, registered on the Zimbabwe Stock Exchange and researcher had contact. The three groups of hotels met the criteria. The group of lodges is not on the Zimbabwe Stock Exchange but met all the other criteria. For each group a questionnaire was sent to the Marketing Director who was deemed to be the key informant about corporate social responsibility issues in the company.

FINDINGS

The results as tabulated in Table 1:1 (Appendix 1) showed that all the major groups, with the exclusion of the E Lodge group which did not respond to the questionnaire that was posted, were involved in some form of corporate social responsibility.

This study shows a heightened attention and enthusiasm to corporate social responsibility in the sector an escapable priority (Porter and Kramer, 2006; Vogel (<http://harvardbusinessonline.hbsp.harvard.edu>, 23/03/2008)). Only one respondent carried out a social audit, this might indicate a lack of enthusiasm by players in the tourism industry. Hellriegel, Jackson and Slocum (1999) define a social audit as “an attempt to identify, measure, evaluate, report on, and monitor the effects that the organization is having on its stakeholders and society as a whole”(1999:205). However, secondary data in the form of annual reports for the respondents confirms they all carry out social audits in compliance with Zimbabwe Stock Exchange and international requirements. The results clearly show that something is spurring the tourism industry to adopt the policy.

The results highlighted in Table 1.2 (Appendix 2) show that 66.67% of the respondents contribute to religious groups, educational institutions, health institutions, governmental organizations; 3.33 % of the respondents contribute to political parties, sports, local authorities, old age institutions; and 100% of the respondents contribute to non-governmental organization. Only one group gave percentages of what they donate to each organization from their total donation budget. A Group gives 60% of its donation budget to non- governmental organizations; the balance is split equally between health institutions, religious groups, educational institutions and governmental organizations. C Group's percentages could not be stated; the organization donates on an ad hoc basis and therefore the percentage is not consistent. B Group said they needed time to check on that information.

There is a heavy indication that the industry is striving to mutually co-exist with stakeholders (Crother and Rayman-Bacchus, 2005) by going over legal requirements and addressing social issues affecting various stakeholder. The businesses are supporting political parties, sports, local authorities and other causes. The 100% contributions to non-governmental organisations is indicative of a complete commitment to corporate social responsibility, as it shows a desire to ensure society is not neglected, again this confirmation of what has already been established. “Becoming a better citizen” sees non- governmental organisations as better placed to deal with societal ills but usually lack resources, the industry is ensuring the resources are provided.

The results discard the possibility of the classical economic approach influencing corporate social responsibility in the industry, but rather, it indicates that the tourism sector is

heavily influenced by the socio economic approach. As the sector carries out its trade, it is at the same time taking care of societal needs. What still remains vague is what these policies are trying to address. The social economic approach allows companies to be proactive or reactive towards adoption of programmes. The question in the questionnaire of whether or not the companies have encountered boycotting or picketing by a) non-government organisations or b) the community was answered with a “no” by all the respondents. This suggests the industry is not being pressured into adopting the policy and therefore offering a chance that the programmes are proactively undertaken. The possibility still remains that the concept of corporate social responsibility is being applied; a) as a competitive tool, to gain a competitive advantage or b) as a moral gesture with no additional benefit being gained by the organisation in question or c) it is just answering a call of a need where it is better suited to solve the issue, again with no benefit to it.

Factors that determine how much to spend on corporate social responsibility were cited in Table 1.3 (Appendix 3) as follows: profits, revenue collected, needs in society, the judgement of management and company established policies. Only one respondent showed that the percentage that is donated is based on established company guidelines. The others although they gave percentages either based on profits or revenue it looked like they did not have a clear articulated company policy. For corporate social responsibility to have a positive traceable impact, Smith (1994) recommends that the company comes up with a clear policy of who should decide or be involved in deciding who the recipients are if any benefits are to be derived from the adoption of the concept. He recommends that the strategic team, employees, should all be aware and clear of the policy.

In response to other questions all respondents said they engage in corporate social responsibility so that they can 1) make sure stakeholder needs are met; 2) make sure stakeholder problems are solved and 3) make a contribution to the wellbeing of society. . These results confirm what scholars have articulated that for the long term survival of the corporation it is important for management to take into account interests of the other stakeholders. The results show management is concerned for the survival of the organisation.

To summarise Table 1.4 (Appendix 4) below: one respondent felt that corporate social responsibility is just like any other business problem; two respondents felt that corporate social responsibility was not like any other business problem; all the respondents felt that corporate social responsibility i) did not waste company resources ii) advances both stakeholder and company interests iii) is not an outdated concept iv) creates an opportunity for business to advance itself and v) creates an opportunity for business to advance itself.

Hess, Ragovsky and Dunfee (2002) say that treating corporate social responsibility as any other business problem has created another source of competitive advantage and this forces management to come up with innovative ways to implement the policy. They are forced to take a long term view of dealing with the concept and hence include it in their strategic planning. It is therefore of concern, that only one respondent felt that way.

The fact that none of the respondents felt that the concept is outdated and that it does not waste company resources, reinforces what has been established already that the industry is convinced that the concept is relevant to their conducting business. Management feels that both stakeholder and company interests can be served. Richardson (2007) agrees that when corporate social responsibility programmes serve both stakeholder and the business, they will be sustainable. However, Porter and Kramer (2002) and Molteni (2006) also admit that not all programmes will achieve this, some may remain purely philanthropic especially if they are not aligned to both stakeholder and business objectives.

The statements show that there is a possibility that the tourism sector is adopting corporate social to advance business goals; in the form of gaining a competitive edge, addressing a moral obligation; by addressing stakeholder needs. The comparative factor is not

that clear. The benefits derived and shown in Table 1.5 (Appendix 5) may clarify the reason why the sector believes in the concept.

A Group is cautious and says that it is too early to tell the benefits of corporate social responsibility. B Group and C Group feel that they have been able to partner with governments and competitors in shaping rules and regulations in the industry, they have been able to improve their image and reputation both externally and internally and they have been able to enter new markets because of acceptability by governments/consumer/community. C Group also cited other benefits as being able to differentiate oneself from the competitor and cutting down on penalties.

The findings confirm what Eccles, Newquist and Schatz (2007) and Smith (2007) mention, that some of the benefits, that a company can gain through corporate social responsibility are, managing risk, gaining a competitive advantage through acquisition of new markets, and/or increase in sales due to good reputation. If the benefits are derived through operational competencies and technologies, they will be short-lived as it is easy for competitors to copy and imitate them. The benefits need to be based on non-imitable, not easy to substitute offerings, which will differentiate one company from its competitors. Results show that costs have been cut, new markets have been accessed due to involvement in social initiatives and this could be an indication that the tourism sector could have used corporate social responsibility as a competitive tool.

CONCLUSIONS

The data shows that the tourism sector in Zimbabwe has embraced the corporate social responsibility concept and feels it is its responsibility to make society better. It appears they do this not only to survive but also to satisfy the image of a modern business organisation by taking care of stakeholder concerns. The approach used is mainly the socio economic approach. We have established that the moral; strategic and comparative factors as established by other authors in other countries do influence the adoption of corporate social responsibility in companies in the tourism sector in Zimbabwe.

There is little evidence of the classical model being applied in the industry which indicates a general nod by the general public to Zimbabwean companies approach to corporate social responsibility. The sample took into account only large companies. We therefore are not sure whether the results would have been replicated if small companies in tourism sector are included. This might be an area of further study. The study revealed that the sector is sometimes guided by society's needs showing that the desire to fulfil the moral factor is a big driver for adoption of the policy. Business strategists are trying to push companies to align their business goals with corporate social responsibility so that meagre resources used for the moral factor are able to "kill two birds with one stone". From the study it seems true that the tourism sector is able to get mileage out of their corporate social responsibility policies as a example, one of the benefits directly coming out of the adoption of the concept was establishment of new markets. By engaging in solving social ills the tourism sector was by inference implying they were in a better positioned to fulfil a comparative advantage. The tourism industry as a major contributor to the Zimbabwean economy has the financial resources. What the study did not establish is to what extent, each of the mentioned drivers, is pushing the companies to adopt the concept. This might be an area for further studies. Scholars suggest that to have a competitive edge companies should be purposeful when they adopt the concept. It should be a clear, well crafted strategic policy. The study is one of its kind as far as the authors are aware, and would like to encourage further studies in the area to fully confirm the strategic motive and comparative drivers for the corporate social responsibility as more studies would show a

pattern. Sustainable success can only be gained over time. Companies in the tourism in Zimbabwe are encouraged to aim to make more mileage out of their belief and practice of corporate social responsibility by using it as a strategic tool as this will ensure the sustainability of the practice in running business.

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APPENDICES**Appendix 1****Table 1:1 Adoption of CSR Programmes**

Question	A Group		B Group		C Group	
	Yes	No	Yes	No	Yes	No
Is your company involved in any corporate social responsibility programme?	√		√		√	
Do you carry out a social audit		√	√			√

Appendix 2**Table 1.2 Organizations Supported**

Type of organization supported	A Group			B Group			C Group		
	Yes	No	%	Yes	No	%	Yes	No	%
Religious groups	√		10		√		√		
Political parties		√			√		√		
Educational institutions	√		10		√		√		
Sports		√			√		√		
Health Institutions	√		10	√				√	
Local authorities		√			√		√		
Governmental organizations	√		10		√		√		
Non-governmental organizations	√		60	√			√		
Institutions for aged				√					
Total %ntage donation			100						

Appendix 3**Table 1.3 Factors Determining Amount Donated**

Factor	A Group	B Group	C Group
Percentage of profits	√		√
Percentage of revenue		√	
Need based		√	√
CEO determines			√sometimes
Marketing department			√ sometimes
Company established guidelines		√	

Appendix 4**Table 1.4 Response to Statement on CSR**

Statement	A Group		B Group		C Group	
	True	False	True	False	True	False
CSR is just like any other business problem		√		√	√	

CSR wastes company resources		√		√		√
CSR advances both stakeholder and company interests	√		√		√	
CSR is an outdated concept		√		√		√
CSR creates an opportunity for business to advance itself	√		√		√	

Appendix 5

Table 1.5 Benefits from Adoption of CSR

Benefit	A Group	B Group	C Group
Costs have been cut by reducing penalties			√
The company has been able to differentiate itself from competitors and been able to charge premium prices			√
The company has been able to partner with governments and competitors in shaping rules and regulations in industry		√	√
The company has improved image/reputation both internally and externally		√	√
It has been easy to enter new markets because of acceptability by governments/consumer/community		√	√
It is too early to tell the impact	√		

B E