

# Impact of corporate social responsibilities



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## **Corporate Social Responsibilities as the culture of Foreign Investor**

There are many reasons that attribute and would attribute to the failure, some being corporate social responsibility concept being new in Tanzania whereby majority of corporate or organisational employees, management included and civilians have not thoroughly understood the gist of the concept. Only corporate or companies that mostly implement corporate social responsibility (CSR) are foreign-oriented who bought shares in the companies through privatisation of the public sector and Foreign Direct Investment (FDI) which support each other in facilitating sale, acquisition, take overs and monopoly of business depending on techniques and tactics applied or that would be executed to accomplish investors or shareholders, board of directors, management of an organisation, mission, objectives and goals.

Organisational operating philosophy and work culture could either substantiate sustainably or fail completely. ' Relationship marketing' which is a process of creating, maintaining , and enhancing strong, value -laden relationship with customers and other stakeholders.

So far, transaction marketing is part of the larger idea of relationship marketing. Beyond creating short-term transactions, marketers need to build long -term relationship with valued customer, distributors, dealers, and suppliers. They build strong economic and social ties by promising and consistently delivering high -quality products, good service, and fair prices. Increasingly, marketing is shifting from trying to maximize the profit on each

individual transaction to building mutually beneficial relationships with consumers and other parties.

## **Marketing Network**

Infact, ultimately, a company wants to build a unique company asset called marketing network. A marketing network consists of the company and all its supporting stakeholders, such as customer, employees, supplier, distributors, retailers, advertising agencies, mass media and others with whom it has build mutually profitable business relationship. Increasingly, competition is not between companies but rather between whole networks, with the prize going to the company that has build the better network. The operating principle is simple. Build a good network of relationship with key stakeholders, and profit will follow.

Further, competitors' reactions flow a set of reaction policy or a flesh analysis of each situation.[1]Marketing occurs when people decide to satisfy needs and wants that customer can obtain a desired object. Exchange is the act of obtaining a desired object from someone by offering something in return. Thus, exchange allows a society to produce much more that it would with any other system.[2]

Not all transactions involve physical direct money. In the broadest sense, the marketing tries to bring about a response to some offer. The response may be more than simply buying or trading goods and service. Marketing consists of actions taken to obtain a desired response from a target audience to some product, service, idea, or other object.

Nevertheless, customer satisfactions depend on a product's perceived, performance in delivering value relative to buyers' expectations. If the products performance falls short of customer's expectations, the buyer is dissatisfied and risk of losing him or her money also arise, threatening business investment potentiality and well being. If performance wins expectations, the buyer is satisfied. If performance exceeds expectations, the buyer is delighted. This is why corporate social responsibility going together with Marketing and the Events and Promotion activities in many organisation. Their duties are kind of the same mainly to build the brand awareness and build reputation in a given situation.

Outstanding marketing companies go out of their way to keep their customer satisfied. Satisfied customers buy again, and they tell others about their good experiences with the product. The key is to match customer expectations with company performance. Smart companies aim to delight customers by promising only what they can deliver.[3]

## **Marketing and Industrial Activities**

Marketing as a link between society's needs and its industrial activities, is also a function that adjusts the organisation's offering to the ever- changing needs of the market place. It is an external sensor of the organisation that provides its adaptations and growth. Problems, such as high and persistent worldwide inflation, material and energy shortages, economic stagnation, consumerism, environmentalism, increased government regulation, changing consumer life styles, and under marked public sector needs.

Marketers have to find solutions to these problems that reconcile corporate profitability, customer satisfaction, and social responsibility. Besides,

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problems are also opportunities. Still marketing plans, shape and interact with other corporate or organisation plans.

However, societal marketing concept is among four alternative concepts under which business and other organisations can conduct their marketing concept, it is a management orientation aimed at generating customer satisfaction and long -run consumer and public welfare as the key to satisfying organisational goals and responsibilities.

### **The underlying premises of societal marketing**

The main mission of the organisation is to create satisfied and healthy customers and to contribute to the quality of life.

The organisation constantly searches for better products and services defined in terms of appeal and benefit to consumers. It is ready to promote benefits that are in consumers' interest even if not in his or her mind.

The organisation eschews those products that are not in the best interest of the customer.

Consumers will sense and patronise those organisations that demonstrate concern for their satisfaction and welfare.

Other alternative concepts under which business and other entities operate their marketing undertakings are product concept, selling concept and marketing concept which of late has been revised into or replaced by the human concept, the intelligent consumption concept and the ecological imperative concept.[4]

Nonetheless, making a distinction between passive and active strategies is essential. Passive investment strategy regards market prices of products and services as fairly set, rather than attempting to beat the market by exploiting superior information or insight. In contrast, and active investment strategy attempts to achieve returns greater than those commensurate with the risk borne.

The sustainability of relationship marketing through social responsibility could mainly depend on resource components strategically considered worth strategic action implementation to achieve and enhance competitive win-win advantage, vision, mission, objectives and goals in whatever culture of investment operations, strategy development and market place.

The issue in question is not the merit of the agenda itself, but rather how and to what extent it relates to the development affairs in general. The impression that it only takes quantifiable objective to ensure sustainable development is a common as it is over blown and the idea that tripartite comprising government, business, community and general society or public, focus on long-term beneficial objectives to all parties despite profit difference that will accrue as net safety is justifiable.

However, corporate social responsibility has been operative some decades ago in developed countries, like one of the United States of America. In the case of Tanzania the concept is not much known by various native societies and general public. To mostly, Tanzanian, it is understood as a helping facility to the needy to ease certain difficulties facing some people at a particular area. In most cases, the CSR is extended by corporate mostly

banks, mining sectors , cellular (mobile) telephone service providers, breweries and soft drinks processors. Almost all the latter three industrials sector sponsor games and beauty pageantry. The sponsorship is almost publicity winning and advertisement. The corporate role and responsibilities to society are provided to the needy especially in the rural areas after much lobbying and sometimes, to secure the services unless a god father or good mother politician or senior government officer has been involved in the lobbying for various reasons, mostly political to ensure his or her political ambitions in high government office or constituency are sustained and safe without such support the ambitious politician risk losing influence and political power and other hidden interest the person or group could have and whose easy channel to process successful would be through political channels.

### **Corporation sake to win Political favours**

In other instances, the corporate themselves for the sake of winning political favours for their business undertaking they prefer to help disaster stricken areas such as flood and hunger hits constituencies and where school mostly primary school teaching and learning aids are insufficient, therefore, just to easen the problem would facilitate either some desks or text books depending on the learning institutes need sought for. Most of the societies that benefit even during tragic times are those whose native members have high office in government and political ruling party, else it cumbersome to secure it for various reasons, some of which could be corporate internal weakness to communicate policies to all levels of its employer from top management to the bottom, and from bottom to the top(top-bottom-bottom-

up communication) else traits of nepotism and corruption could be existing within corporate lines of operations and functionalities. Such weaknesses are attributable to board of directors and senior management. Business ethics have to be considered and given due weight in all cases; however, difficult it could be in certain instances. Besides, “ ethics conflicts can arise when what might be best for company is wrong morally or professionally”.<sup>[5]</sup>

### **No law Binding CSR in Tanzania**

Another attribution to the ineffectiveness of corporate social responsibility in Tanzania, is the country having no law -binding or guiding on corporate social responsibility, however a bill has been prepared by the government of Tanzania for enacting a law on the matter. The Parliament of the United Republic of Tanzania enacts the law while the President of the Republic either assents or not. If not assented, it doesn't become a law. Once assented it will be part of business law that governs the conducts of people and organisation engaged in business. So far, apart from what have been explained above, there are other many ways on how business and society interact. The majority of them are through direct sales and purchase of goods and services. On business law, major areas include antitrust, business organisation, bankruptcy, contracts, uniform commercial code, consumer protection, product liability, intellectual property, securities regulation, taxation, employment, real estate and insurance.<sup>[6]</sup>

### **Social Investment Programmes by various Industries**

Corporate organisations are trying to support the society the do business with in different ways. Below are some of the organisations discussed in the case of Tanzania.

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In case of Stanbic Bank Tanzania, what they consider as a support to the community is only 1% of their post tax profit of the year. The rate of post - tax profit allocated to corporate social investment is fixed by the management. But what is this support for, they only building a class, supply of books, help in eradication of Malaria, and support orphanages.[7]The resources provide does not satisfy they need of the of the community as its only for the wishes of the bank and its only for a short time period and not long -term development of the community.

The aim of the Stanbic Bank on other perspective is to gain brand awareness or brand equity building in the community. I can say this as regards to the profit gain by the bank while knowing that the money is coming from the Tanzanians' who are doing transaction on daily basis. Also, I have not seen a bank going back to the society and keep supporting them after the first attempt. They normally go only once and later they go to another area without bother the previous development of the society.

When these Corporate Bank doing social responsibilities support to the community, they call the media for them to be published on the newspapers and on the televisions station intentionally for publicity. I see directly their strategy is to marketing the company more than support the development of the community.

However, other bank likes CRDB Bank Limited they introduce School Bus project for Primary School in the Dar es Salaam City. The project was launched by Mr. Mizengo Pinda- the Prime Minister of Republic of Tanzania, starting with five buses only. The project will be running by (UDA) Shirika la

Usafiri Dar es Salaam for the students who are in need of transport to and from the school in the city.[8]

This is fine I can see, but the issue is that, the bus need to have services and other maintenances now and then. Does the CRDB Bank aware of this concern for the future? Do they have a plan of 3-5 years maintenance expenses for the school buses? If yes, does the CRDB bank plan to increase the services to other areas as for now is only few routines considered. There is need of 50 buses to and from school for the student to cover the chaos they face on their daily transport said by the UDA General Manager, Mr Victor Milanzi at the launching ceremony held at Karimjee grounds in the city last year. The answer to the questions is not clear as most of the community project are their for the purpose of advertising the specific organisation and not having permanent programs for supporting the society as a whole. Authority should ensure sustainability of the project, effective and efficient management, and ways to increase the number of buses to carter for more students as each year enrolment has been increasing.

Authority should bear in mind that, the most important factor for the student is to have a calm psychological state of mind for them to concentrate in their studies. The assurance of the transport to the student will reduce absenteeism, unwanted pregnancy for the girls hence better generation in the near future. As now we were having two types of generation, there are student who are coming from wealth family and be able to use school bus from their school famous knows as Academic School and those come from poor family who really face this chaos of transport to and from Government School.

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If this is not supported well, after 10 year we will find the generation of Academic people having sophisticated life while those of Government struggling to survive in the society. Professionalism will become an issue as in Tanzania majority of the people are living under one dollar per day which does not support their daily life. This will even disturb the investment as there will be few human resources to be employed in a certain career.

Cellular (mobile) telephone service providers are now engaged in community development and sponsorships. In Tanzania we have more than five company operators in this industry, to mention we have Airtel Tanzania, Vodacom Tanzania, Tigo, Zantel, Benson, Sasatel and TTCL (Tanzania Telecommunication Company Limited).

Here I can talk of Vodacom Tanzania's the leading cellular network where they sponsor Tanzania Premium League Soccer. But still the players complain on the quality of the items provided to them by other sponsors. One of the team leaders was comparing jerseys from Vodacom Tanzania and other sponsors in the forum at Channel 5 Television Station recently.[9] He gives big up to Vodacom Tanzania for the standard of their jerseys. Vodacom Tanzania has been supplying teams participating in the league with playing shoes, balls and jerseys labelled with their brand name for the publicity. Though Vodacom Tanzania jerseys are not of high quality but he mentions at least they are best than others.

Vodacom Tanzania also engaged in the beauty sector by sponsoring Miss Tanzania Beauty Pageant in each year.[10] Vodacom Tanzania sponsoring helps contestants to get the opportunity to be known and makes it easy for them

to get employment in different area like business promotion, public relations, customer care officer and advertising business. Again, this is excellent for the young generation once they get the opportunity to represent our nation in other country during the final competition worldwide and gain exposure. The question is after the first year of contract with Vodacom Tanzania been finished, Vodacom contract is not going to be renewed. As most of them are not famous any more and it's not known what they up to. This means that, Vodacom Tanzania does not intension support the carrier development of the beauty but only to keep the community aware that they do sponsorship and build their good name.

We have seen that Vodacom Tanzania support education sector especially in the poorest community in our country. I was asking if that support is measurable as they only build one to three classes in one area. Then that is called sponsorship and calling media to take new for the public to know their effort. This is laying peoples mind as it does not fulfil the needs of specific demand.

Airtel also engaging in local community in which they operate, education is one of the organisation key pillars of the Airtel brand. Moreover, Airtel strive to reach and uplift the underprivileged in the community in which they operate through education. By consulting the Ministry of Education, Airtel provides uniforms, text books, furniture, teaching and learning aids focus in primary school.[11]Doing marketing is so expensive, it also take time to get people attention on advert whether in the radio, television station or in the newspaper. So the easiest way is to support the community they do business with and then customer will pay attention on what as been offered by the

company meanwhile the company advertise it products or service they provide. That why in every activity that Airtel participate they put their brand name on it. Fun enough they even paint walls with their brand name to create awareness. So whatever they offer/ support it has to be with their log for publicity.

The case of Morogoro floods disaster of 2010, 2000 homes in Kilosa were engulfed by the rising water and more than half were destroyed completely. [12]Camps have been established across the region to secure safe ground for the displaced families. Damage of infrastructure has been immense, roads and bridge have been swept away, and parts of the railway line left impassable slow down the region transportation system. Still that community are suffering because the support was on short bases and not for the future life of that society.

But we have seen corporate organisation support has been sent in the areas for their daily life and now no one was responsible to know the future of the affected area for 3-5 years to come. That's why people are still suffering because the get bread and water for their hunger and not able to start their life again and remain beggars from the society. I have seen Airtel previous knows as Zain Tanzania support the victims of hunger as flood have swept acres of crops in the region. The biggest problem is shelter where corporate organisation should join hand to support those families affected by the floods.

Mining Sector also support community development and do sponsorship in Tanzania society. Tanzania has been rich in mining sector in various region.

We are having gold mining in Bulyanhulu, North Mara, Tulawaka, Buzwagi Goldmine, Golden Price, Behemba Godmine, Geita Goldmine( the largest gold mine in the country) and others. Diamond mining in Mwadui/ Williamson/ Peter-Diamond and El Hillal Diamond.

By 2008, Tanzania had become Africa's third -largest exporter of gold; accounting for as much as 44% of the country's of exports.[13]. An export drop to 50 tonnes in 2009 now places Tanzania at the fourth position after South Africa, Ghana and Mali.

Mining sector provide 3% royalty base on the net instead of gross revenue of mining companies. This means that the government only receive revenue from royalties after subtracting cost on transportation and processing instead of subtracting from the amount that the minerals are sold for in the market. Considering the mining sector development in the country and the way they use to do corporate social responsibilities in the society is very awkward. They get millions of money from the gold sector from our land and left us with empty hand and holes in our mother land.

The case of Barrick Gold Corporation engaged on their alleged poor treatment of local employees. Moreover, in 2009 at the company's North Mara gold mine heavy metals and toxic chemicals were reportedly leaked into the river Thigite. The incident has since become a bone of contention and source of conflict between locals and the mining business.

The previous two paragraph's show how much the mining sector does not consider the society they do operation with. Mining sector are excluded from corporate tax when they operating for some year, some it's about 50years.

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So they do what is called corporate social responsibility as covering to make the society calm. But still the support does not satisfy the utility of the community comparing to the profit they earned from the business.

Kilimanjaro Premium Lager do sponsor Yanga and Simba , the nation's biggest and best known football clubs that have been historic arch-rivals in Tanzania. Tanzania Breweries Limited (TBL) they value sports as they lifted the spirits of every true fan of football in the country.

The company believe that by doing the sponsorship of these two teams will primarily be an experience about gaining a share of heart in the society. TBL hopes by doing corporate social responsibility help to build and sustaining the two teams by provide kits for teams, match gear, casual and training. On top of this, if you look on other perspective TBL uses their resource to support the two teams to build the brand loyalty. TBL Marketing Director and the Events and Promotion Manager are the one who dealing with social responsibility but deep you can figure out its only marketing and brand awareness. If you compare the figure in the income statement and the expenses they incur on supporting the teams are of so minimal.

[14]Kilimanjaro Premium Lager also sponsors Tanzania Music Award in each year where by the participant and the winner receive award for TBL. The event was Live in the TBC1 where individual from different part of the world can watch it, and there is when TBL get publicity.

## **CSR support to Society is only a Publicity of the Business itself**

As mostly corporate social responsibility support to society through contributions has political affiliations, it does not mean producing solution to the needy society, such organisation could be focusing only on marketing myopia, sticking to existing wishes, desires and wants of the politicians in power while losing sights and meaning of the corporate social responsibility to the genuine needy people without enabling resources to overcome their ordeals or problems. Business scandals are to be avoided for the betterment and interest of corporate governance that refers both to the policies by which a company operate and the system of controls and oversight that enables the company to operate according to those corporate policies.[15]

Operating according to corporate policies and total quality management (TQM) will also enable companies sustain substantially organisational success through effective planning and plan implementation to ensure product, service and brand are proactively incorporated with societal long-term interactions. Yet, any organisational plan has no values unless it is put into action, and production and service methods must be continuously improved. Single or occasional standard performance review and revision are to be discouraged and stay unacceptable organisation wise, so that also through corporate social responsibility, company business grows sustainably in good and bad times. The CSR can also help organisations get extraordinary results from ordinary people, depending on how parts of business could be accessed to various societies and societal culture, else corporate social responsibility in Tanzania wont succeed in sustaining



substantial relationship marketing. Building a strong company brand identity in the public and societal marketing places to enforce and reinforce all corporate images and messages are essential to be constantly in place.

## **Conclusion**

It's clear that corporate social responsibility is new to our culture. We learnt this from foreign investor who brought shares in our local companies. These investors once they invest in a certain activities they are excluded from corporate tax for 5year. Smart investor terminates the contract after five years and said they did not earn profit for the past year on their operations. While they are on operation they try to build their public relations, through direct contribution to society. That why you can find a certain organisation changes its business name after 4-5 year.

There is no law guiding Corporate Social Responsibility currently.

Government need to pass a law where by the President of Republic of Tanzania has to assent for the law to be practise by the corporate organisation. By having a law organisation will stop doing social responsibility as a marketing strategy to build the brand loyalty.

Hence corporate organisation will extends the benefit of CSR and compensation to social, economic and environmental losses suffered by communities living within operation areas will be diminished. Orphan project, water supply and sanitation will not be a issue for the people around the organisation and even the one far from the company.