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CORPORATE SOCIAL RESPONSIBILITY

Members of Grace Children's home in Kyebando, a Kampala suburb receiving an assortment of items from the Urban TV team. This was part of Vision Group's CSR

More companies embrace CSR

By Faridah Kulabako

Corporate social responsibility (CSR) and sustainable growth are new concepts that were unheard of in Uganda 20 years ago.

Today, a growing number of companies are incorporating CSR programmes into their business models because they see it as an opportunity to strengthen businesses by boosting brands, engaging employees and attracting customers while contributing to society.

CSR is a process that seeks to embrace responsibility for a company's actions and to encourage a positive impact through activities related to the environment, consumers, employees, communities, stakeholders and all other members of the public.

The trend to use CSR as a marketing strategy has been influenced by the growing importance that customers, employees, suppliers and society are placing on CSR, demanding that business is carried out in an ethical and socially responsible manner.

The 2016 CSR Country Scan Uganda report by Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI) conducted in partnership with the Netherlands Embassy in Kampala and MVO Nederland indicates that Ugandan companies have noticed an increasing demand of sustainably produced goods in the market.

MVO Nederland is a Dutch independent expertise and network organisation on CSR.

The report adds that businesses have realised that the business community can offer solutions to the social and environmental challenges that the Ugandan society is facing.

This explains why businesses inject millions of shillings in CSR activities to create and support their brands and monitor the perceptions that customers, employees and the general public have about the business.

"CSR is a commitment to do more than just serve the needs and expectations of customers and shareholders. It can also mean going beyond business basics and serving a social need," David Katamba, the chairman of UCCSRI, says.

Companies can do CSR through responsible business practices, volunteer programmes as well as contributing to charity, which enables them help society while boosting their brands.

History of CSR

CSR began to take form in the 1950s in Europe, following concerns by businesses during the industrial revolution on how to make employees more productive.

In the 1960s and 1970s the civil rights movement, consumerism, and environmentalism affected society's expectations of business, based on the idea that those with great power have great responsibility. Many called for the business world to be more proactive in ceasing to cause societal problems and starting to participate in solving them.

COMPANIES DO CSR THROUGH RESPONSIBLE BUSINESS PRACTICES, VOLUNTEER PROGRAMMES AS WELL AS CONTRIBUTING TO CHARITY

A number of environmental protection agencies, including the United Nations Environment Programme (UNEP) were established during the 1972 UN conference in Stockholm, Sweden that sought to find a common ground between communities and businesses across the globe to preserve the environment.

In 1992, during the UN Earth Summit in Rio de Janeiro, Brazil, the "triple bottomline" business model, as well as the idea of using sustainable development to a company's competitive advantage was introduced.

During the November 2000 international "Partners for Progress" conference held in Paris, the importance for businesses to adopt socially responsible behaviour, in an effort to move forward towards sustainable development was highly emphasised.

Many legal mandates were then placed on business related to equal employment opportunity, product safety, worker safety and the environment.

Additionally, society began to expect business to voluntarily participate in solving societal problems whether they had caused the problems or not.

This was based on the view that corporations should go beyond their economic and legal responsibilities and accept responsibilities related to the betterment of society. This view of CSR is what is prevailing in most countries across the world today.

Advantages of CSR

Douglas Opio, the Federation of Uganda Employers executive director, says CSR programmes give companies an opportunity to enhance brand reputation, efficiency, competitiveness and better risk management.

He adds that CSR also helps businesses to build strong and brand differentiation, which gives the business a competitive advantage over other players in the same industry.

Opio further notes that CSR programmes can be used as a cost-cutting measure, especially when the company adopts environmentally friendly approaches, which help in reducing resource use and cut waste and emissions, which in turn helps save the environment and company money.

Katamba says being a responsible and sustainable business makes it easy for a company to attract talented employees as well as retaining existing ones. This is because it increases employee engagement, which motivates them to stay longer, thereby reducing the company's recruitment and training costs.

Operating in a sustainable and responsible manner also makes it easier for a business to access finance as financiers and investors are more likely to finance or invest in a company with good reputation.

The KPMG Survey of Corporate Responsibility Reporting 2017 report also indicates that there is a growing trend for companies to include CSR information in their annual financial reports as managers think that data is relevant for their investors.

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