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How do foreing companies understand and practice Corporate Social Responsibility in Mozambique?

A comparative study of three business activities and their approach to CSR.

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Abstract

Corporate Social Responsibility (CSR) which is a set of standards to which a company subscribes in order to make its impact on society is believed to have potential to contribute to sustainable development and poverty reduction in the world by addressing one or more of the four responsibilities described by Carroll in his CSR Pyramid, and later revisited by Visser. The impacts however will depend on which approach a business chooses.

Therefore, this study takes the stand that it no longer is a discussion about *whether or not* a company has a role to play in development and reducing poverty in developing countries, but rather a discussion about *how* they can contribute. Three different approaches used by foreign companies with operations in Mozambique acting social responsible have been compared. The approaches are; an integrated approach, a business-to-business partnership approach and last, a social community investment approach.

There is not enough evidence to find a common definition and understanding of CSR in the three cases. The Danish approach is much wider compared to the Mozambican approach that has a tendency to focus mainly on philanthropy.

Visser is addressing some of the challenges for CSR in Africa due to the social needs - despite decades of aid and development effort (Visser, 2006:31). The study reveals that philanthropic responsibilities supporting employees with e.g. transport, health assistance or access to micro-finance can have a positive impact for the employee and their families. Furthermore, legal and ethical responsibilities taking into consideration elements such as workforce and environment can support a company moving towards integrating CSR as part of a company's business strategy, and hereby move CSR beyond philanthropy.

It is not possible to say that one of the approaches is more suitable than the other. On the other hand the study indicates that there is a call for bringing CSR to a level where everyone can participate whether it is an MNE or an SME. It will implicate that each company takes into consideration available resources, being it financial, competences or time before choosing the approach that best suits their business.

Key words: *CSR in global context, developing countries, Mozambique, businesses activities, applying CSR, philanthropy, social community investment, inclusive business.*

Acknowledgements

Foreword

During the period 2003 to 2010 I lived and worked with sustainable development in Mozambique. It has given me not only a comprehensive knowledge about development aid and strategies, but also given me a strong insight in some of the challenges that Mozambique is facing fighting their way out of poverty, and will form a base when discussing Corporate Social Responsibility combined with thoughts and ideas from scholars like Carroll and Visser.

Witnessing how extreme poverty still is the consequences for more than half of the population in Mozambique, and this despite many years with development aid, caused that I began to gain interest in whether the private sector could become a potential ally in alleviating poverty.

Being a Dane I found it relevant to gain more knowledge about how Danish companies with activities abroad act social responsible. Would it be possible to combine making profit with a purpose, and if so, is there an approach that suits better than another? It felt natural to choose Mozambique as base for the comparative study. The country is categorised as a least developed country (LDC) categorised by the fact that the majority of the population still lives for less than one dollar per day. On the other hand Mozambique has been able to demonstrate a positive economical development and it makes the country interesting for foreign investors. CSR has mainly been introduced through the foreign investors and is characterised to be in its initial phase of the CSR evolution. It allows for more exploring and discussions about approaches and to share best practices.

Abbreviation

3BL	Triple Bottom Line
B2B	Business-to-Business
CCM	Chamber of Commerce
CenSa	Centre for Social Responsibility
CPI	Corruption Perceptions Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CTA	Mozambican Confederation of Business Associations
DANIDA	Danish International Development Assistance
DCCA	Danish Commerce and Companies Agency
DIIS	Danish Institute for International Studies
GDP	Gross Domestic Product
GoM	Government of Mozambique
IFU	The Industrialisation Fund for Developing Countries
IFZ	Industrial Free Zone
IMF	International Monetary Fund
INE	National Statistic Institute
IPD	Innovative Partnerships for Development
LDC	Least Developing Country
MDGs	Millennium Development Goals
MICOA	Ministry of Coordination of Environmental Affairs
MMAS	Ministry of Women and Social Activities
NGO	Non-Governmental Organisation
PARPA II	Mozambique's Poverty Reduction Strategy Plan
RoM	The Republic of Mozambique
SADC	Southern African Development Communities
SME	Small and Medium Enterprises
UN	United Nation
UNDP	United Nations Development Programme
UM	Ministry of Foreign Affairs of Denmark
WB	World Bank

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1 Introduction

1.1 Background

Foreign investment, creation of jobs and transfer of knowledge and new technologies are seen as important elements to reduce poverty in developing countries (Commission for Africa, 2005; Africa Commission, 2010). In a global world it is not hard to see that business has a key role to play. The willingness to act socially responsible is gaining more ground. Companies are using the term Corporate Social Responsibility (CSR) to frame their contributions towards solving development problems such as climate changes, corruption, gaps in development and poverty (Utting, 2009; Partnerforum, 2009; The Danish Parliament, 2009).

Those in favour argue that;

> *"[…]. we cannot achieve these (Millennium Development Goals) ambitious goals without the essential ally of the private sector. We need the private sector to create growth and to provide sustainable job opportunities in a responsible way" (Danish Federation of SMSs et all, 2009).*

While those in doubt argues that private businesses are too focused on own revenue, maximising profit, and exploiting opportunities to be considered socially responsible or to engage themselves in activities that goes beyond own borders.

In 2000 the United Nation (UN) took the initiative to establish a frame that allowed world leaders to take further steps to fight some of the most aggravating problems in the world by 2015 through eight concrete promises; the Millennium Development Goals (MDGs). Half way through, the goals have undergone a mid-term review. In the mid-term review the World Bank and International Monetary Fund (IMF) summarized that "*most countries are off track to meet most of the MDGs, with those in fragile situations falling behind most seriously*" (WB/IMF, 2008). They estimate that African economies must grow at an average sustained rate of 7% or more per annum if they are to achieve the MDGs (Ibid, 2008). Mozambique together with Ghana, Tanzania, and Uganda has made "*solid progress*" towards meeting the MDGs but even so Africa still confronts major social needs.

A modern company, with focus on enhancing its reputation and competitiveness seems to have accepted that it at least cannot deny its part in addressing global issues such as environment, human rights or ethical trade. It is expected, that the companies are becoming "greener than green" and that they respond to what one can call "softer societal" expectations as OECD claims (OECD, online). Expectations that rarely are written down in law books, but rather found in voluntary management systems on various topics such as quality control (ISO 9000), environmental management (ISO 14001 and EMAS), and more recently management systems within Corporate Social Responsibility (AA1000, SA8000 and Global Compact) and CSR reporting (GRI). See appendix 4.

That there is a competition among companies for best CSR practices seems on the other hand to be a fact indicated by the variety of prizes the companies have won. The annual *Dow Jones Sustainability Index* is one example. It reveals to what extent a company acts social responsible. Other CSR awards include the *East African CSR Awards* that is given to companies from Tanzania, Burundi, Kenya, Rwanda or Uganda, while the *Asian Award* recognizes and honours Asian companies. The awards are in general structured around a set of categories in line with CSR practices such as workforce, environment, ethic or philanthropy.

Africa as a business case

In the 1980s and 1990s there was a considerable turn towards liberalizing the economy to a more open economy in developing countries allowing foreign capital and investments. By opening their own economies developing countries are becoming part of the global marked and are invited to take full advantage of the opportunities for economic development. Emerging countries - Brazil, Russia, India and China - or better known as BRIC countries have opened their own economies. The result has been a rapid growth gaining access to the 'big pie' (WTO, 2006). In Africa progress on the other hand has been less rapid and it is believed to be due to weak policy frameworks and institutions, widespread corruption, high inflation and long bureaucratic processes related to start up a business (International Monetary Foundation, online; The Heritage Foundation, online).

For a country as Mozambique that is categorised as a Least Developed Country (LDC) the global market means that they can take advantage of the Everything-but-Arms-Initiative (EU, online) under which all imports to the EU from the LDC are duty free and quota free - with the exception of armaments. Mozambique has also access to the markets in the United States under the Africa Growth and Opportunity Act (AGOA, online). So far the country has taken little advantage of these opportunities and it is therefore questionable who actually benefits of such Acts.

When this is said history has also shown us that in the wake of economic growth natural resources are in danger of being destroyed, human rights might be compromised and unethical acts such as use of bribery is not unusual, and it has called for a more social and environmental responsible business attitude.

CSR and its evolution

Historically, Corporate Social Responsibility (CSR) has taken many directions, and been the subject for much debate. Starting as a mere philanthropic element where a company typically supports a good case with a donation, it has grown into becoming a broader concept that also takes into consideration themes such as social, environmental, ethics and stakeholders. Lately, there is a tendency towards integrating CSR in a business core business strategy. Alongside traditional measures of business performance companies have started to include information about their performance within non-financial measures. The greatest attention at this time seems to include governance, transparency, environmental impact, and corporate ethical character.

Much has happened and more is expected to come. We can already talk about CSR generation 1, 2, 3 and 4. Currently there is a growing interest in Inclusive business where a company seeks to use their core business to produce products to the poor.

As such CSR has also reached developing countries included Africa, but Visser argues that CSR differ from how CSR is implemented in developed countries. It sounds likely, and as part of departure to compare and discuss how CSR is understood and practiced in three cases in Mozambique it is tempting to go back to one of the first CSR generations using Carroll's CSR pyramid that is framed around four responsibilities: economic, legal, ethical and philanthropic.

The pyramid has been central for discussing CSR over the past 30 years gives it high value. Its simplicity, but also the fact that it's been empirically tested and largely supported by the findings has given it its strength (Crane *et all*, 2009).

During the years, and in connection with the ongoing debate and discourse on CSR, Carroll himself has developed the model in order to include new trends such as corporate citizenship (Visser, 2006) and stakeholders (Carroll, 1991).

With more focus on emerging and developing countries Carroll's CSR Pyramid seems to have regained new interest among scholars. The discussions concern whether the very simple theory presented in 1979 would serve in e.g. an African context, but also to what extent one can take experiences from e.g. Europe and copy them directly to a continent like Africa or whether one needs to adapt to the local context (Visser, 2006).

Policy and strategies in terms of CSR

In Europe several countries are in a phase structuring CSR by integrating terms of CSR in legislation and strategies. Belgium became the first European country in which a legal regulation on voluntary labelling of what they call "responsible production" was passed. United Kingdom on the other hand, took a big step when they in 2000 named their first Minister for Corporate Social Responsibility responsible for a CSR strategy that focuses on e.g. Corporate Community Investment. Investments include activities such as charity, social investment, and commercial initiatives challenging companies to go beyond profit-making activities by including more activities that can improve welfare and serve as a means to reduce poverty in a community (The Danish Parliament, 2008; The Danish Commerce and Companies Agency, 2005a). With such an approach British companies with activities abroad would seem like the relevant ally for governments in developing countries. France passed the first law about mandatory reports once in every three balance sheets for those companies whose shares are sold at the stock market. Turning towards the Scandinavian countries Sweden launched their Partnerships for Global Responsibility in 2002, and Denmark could in 2008 present their first Action Plan promoting CSR (The Danish Parliament, 2008). Norway followed soon after Denmark with their White paper on CSR in a global economy (Norwegian Ministry of Foreign Affairs, 2009).

It is assumable that such initiatives structuring CSR will support the private sector in structuring their work with CSR – also in their operations abroad.

The base for CSR in Mozambique

Just after the civil war ended, the Government of Mozambique (GoM) approved the *Lei de Mecenato, 4/94*. With the law the GoM wanted to reach out to businesses with an interest in giving donations in the fields of art, writers, education, science, health and social activities. A business that gives charities can as an incentive benefit from tax reductions. The law is implemented by the Ministry for Women and Coordination of Social Affairs (MMAS). The Ministry has been given the important role;

> *"to promote corporate citizenship, provide political leadership on relevant key issues, ensures that government approach to corporate citizenship is taken into account as well as the coordination of corporate citizenship activities across all government agencies at central and decentralized levels" (GTZ, 2009:8).*

Otherwise, the government is using public-private partnerships as a mean to fulfil its responsibilities. It is especially seen used within the service sector where private companies are hired to collect and treat waste, but also partnerships that carry out capacity building in better planning and management of urban waste has been established (UN-Habitat, 2010).

Lastly, foreign investment projects are by law forced to invest in socio economical activities in Mozambique. The project has to be approved by the Investment Promotion Centre (CPI) who screens for socio-economic activities integrated in the business plan. Activities such as building a school, health centre, public toilets, or supporting the local football team with clothes and cost in relation with travels around to other villages are often seen as listed activities.

In November 2008 the first Social Responsibility Annual Fair took place in Maputo. The director of the Mozambican Confederation of Business Associations (CTA), Mario Ussene claimed that companies in Mozambique are not meeting their social responsibilities neither to their workers nor to the communities where they operate, and suggested that using a code of conduct would be binding for a certain group of identified companies (AIM News, 2008b). At the same fair the President Armando Guebuza challenged the business community to try and find ways of making their social responsibility programmes more inclusive focussing on market opportunities that work not only for the business but also for the poor. It would take CSR from a mere philanthropic approach to a more integrated approach covering not only the communities in the areas where they are operating. The establishment of a common fund or common projects, or strengthening coordination between the companies in order for their contributions to help solve the problems facing the majority of the Mozambican people was promoted at the Fair.

Foreign embassies in cooperation with institutions arrange seminars to promote and raise awareness about CSR. In October 2009 the Norwegian Embassy together with the Confederation of Mozambican Business Associations (CTA) hosted a conference on CSR. The conference was attended by around 50 participants, mainly executive directors, senior managers, NGOs and consultancy agencies (Norwegian Embassy, interview). In February the Canadian Embassy hosted a conference on CSR in the exploitation industry. The interest is growing, but the hosts' are mentioning that it often is the same 'old guard' that participates.

In 2006 the Global Compact (GC) network in Mozambique was established by UN. The 10 principles related to GC gained popularity in the first years of its existence in Mozambique, but during the last three years only a few companies have signed up, and others have been dismissed since they didn't hand-in their Communication On Progress (COP) reports (Board member FEMA, interview). Around 20 companies choose to structure their CSR using the GC principles including MotorCare, LAM, Sasol, BP, Cervejas de Mocambique, Telecommunicacoes De Mocambique, Mcel, Electricidade De Mocambique, PETROMOC, and CMC (KPMG, 2007). FEMA (Business Forum for Environment), established in 1996, was formally holding the secretariat for the local Global Compact for two years. The meetings were arranged so that the members would visit each other and see for themselves how CSR was practiced in the company. Currently the Local Global Compact Network is on stand/by but the spokesperson showed optimism regarding the network and expected that it would be running again (Interview).

Relationship between Denmark and Mozambique

The relationship between Denmark and Mozambique can be dated back to the 1970's where the Danish government decided to grant the country bilateral assistance. Mozambique is still among one of the 9 developing countries in Africa receiving bilateral assistance from Denmark. In 2008 President Guebusa visited Denmark with an agenda to consolidate future development aid and to invite Danish companies to invest in Mozambique (AIM News, 2008a).

The president's wish to consolidate future development aid was fulfilled. In the next five year period Mozambique alone will receive DKK 995 million or more the less 1/3 of the total budget of DKK 2.785 million distributed among the 9 programme countries. The budget is allocated to activities such as job creation, environment and macro economic reforms as illustrated in figure 1.

Job creation and growth is given highest priority and it also includes financial support especially to initiatives for women and to the follow up of the African Commission. Environment is yet another important element in the Danish development assistance budget.

Denmark is currently MICOA's main source of institutional capacity building support running a five-year Environment Support Programme (2006-2010). The programme has funded a number of institutional capacity building activities. The programme also attend environmental governance, urban environmental management at municipality level, support to the Sustainable Development Centre for Coastal Areas, support to nature conservation (Gorongosa National Park), and support to the development of the Environment Management Strategy for the Greater Maputo area (Cabral and Francisco, 2008).
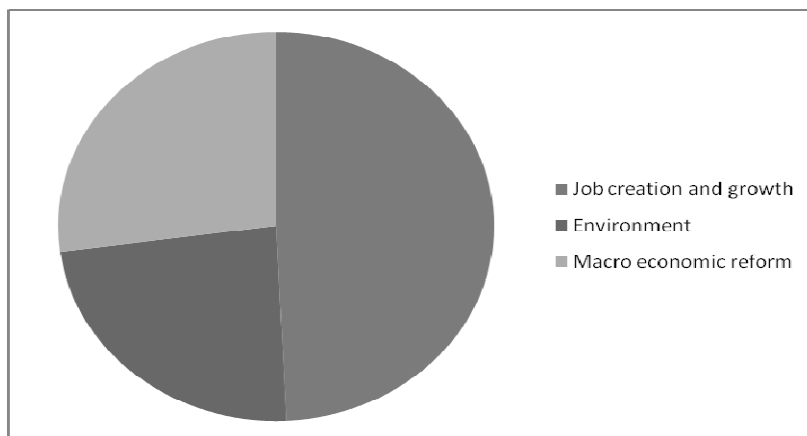
Figure 1 Development assistance budget for Mozambique, 2010-2014, source UM, 2009

Through private sector programmes such as the Business-to-Business (B2B) programme and Innovative Partnerships for Development (IPD) programme a Danish business can find a business partner in one of the developing countries where Danida operates. The programmes are implemented through the Danish Embassies in developing countries. The Embassy in Mozambique can offer the involved parties consultancy, local knowledge, networks and economic incentives to socially targeted efforts aiming at increasing opportunities for investments and enhanced competitiveness, and promote better working and living conditions by advancing CSR using the principles in GC.

In the programmes the Danish government has allocated funding to CSR training and support to the UN Global Compact network.

It is voluntary whether a Danish company implements CSR or not. However, according to a new paragraph in the Green Accounting Act - §99 a - about 1200 of the largest companies in Denmark are obliged to report back about their CSR policies, actions and impacts (The Danish Parliament, 2008; Beder, 2008). The new paragraph took effect in 2009 and the first results show that the companies in general are aware of communicating whether they have a CSR policy or not. On the other hand the companies reported back that they find it challenging to report on non-financial activities.

The Danish government promotes Global Compact as the base CSR and in 2008 the Danish Parliament announced their first Action Plan presenting how the private sector can act social responsible. The Centre for Social Responsibility placed under the Danish Commerce and Companies Agency (DCCA) was a direct result of the Action Plan. The centre is called CenSa and acts as a think-tank, gives consultancy and does research on corporate social responsibility.

1.2   Mozambique in brief

Mozambique regained its independence from Portugal on 25th of June, 1975, but shortly after went into a civil war that lasted 16 years ending in 1992 with the signing of the Peace Agreement between the Mozambique's Liberation Front (FRELIMO) which brought the country to independence, and the post-independence rebel group Mozambique National Resistance Movement (RENAMO).

Today, 35 years later, Mozambique is categorized as a least developed country (LDC), and with more than half its population living below the poverty line (The Republic of Mozambique, 2006) the country faces considerable economic and human development challenges. The country is ranked 172 out of 182 countries in the Human Development Index (HDI) (UNDP, 2009b), but despite the challenges Mozambique has managed to gain a reputation for being a consisting and strong economic performer in Africa (UNDP, 2004; WB, 2010) and it makes the country attractive for foreign investors. Since the civil war ended in 1992 the country has achieved an average annual rate of economic growth of 8% between 1994 and 2007. During the financial crises the economic growth dropped to 6.1% in 2009 but the prospects for a quick recovery are positive. Shanta Devarajan, World Bank Chief Economist for Africa says that the reasons for the success are believed to be found in the government's pro-growth economic policies. Initiatives such as sound monetary and fiscal policies to promote overall macroeconomic stability, lowering of restrictions on competition, such as price controls and inefficient monopolies, high levels of public investment in post-war reconstruction and infrastructure rehabilitation have been taken (blogsWB, undated).

The growing mining industry is the main reason for a positive economic growth, but opportunities for growth in industries such as tourism and agro business should not be overseen. With Mozambique's location stretching 2.700 km along the Indian Ocean there are significant opportunities within the tourist industry. Next, with almost70% of the population living of agriculture there are likewise a range of options within agro business scaling up current practices, introducing new technologies and preparing for adapting to climate changes.

1.3   Problem statement

Literature concerning CSR in Mozambique revealed that the private sector is not unaware of CSR, but there is an uncertainty about what the concept covers, and how to approach and apply the elements as described by Carroll (1991) and revisited by Visser (2006).

Studies are typically based on multinational enterprises, major national companies and a few banks (KPMG, 2007). At a first glance, it appears as if philanthropy and social community investments are among the main approaches in Mozambique.

As such the following problem statement was defined; *How do private foreign companies understand and practice Corporate Social Responsibility in Mozambique?*

1.4   Purpose and research questions

In the present paper the stand is taken that it no longer is a discussion about *whether or not* a company has a role to play in development and reducing poverty in developing countries, but rather a discussion about *how* they can contribute.

Danish companies tend to give priority to elements such as workforce and environment making CSR a more integrated part of a company's business strategy, while businesses in Africa seem to give priority to philanthropy and social community investments.

The purpose of this thesis is therefore to capture, compare and share current practices from three case studies adding new information to the debate about how companies with activities abroad practice CSR. Are there any similarities when analysing the tree different cases from Mozambique?

The thesis will also contribute with ideas to how Mozambique can advance their work with CSR taking CSR to its next phase.

The following three research questions will address the research problem.

Research question 1:

"How do the private companies define and understand CSR? "

Research question 2:

"How do the companies apply CSR in their businesses, strategies and management? "

Research question 3:

"To what extent do the CSR initiatives address development issues? "

1.5   Methodology in brief

Deciding which research strategy to follow, it has been taking into account that CSR is on a very initial stage in Mozambique. A quantitative research would therefore not seem the most appropriate. As a result a qualitative approach using a comparative study was chosen. It allows us to gain a deeper understanding of how CSR is defined and understood in three different approaches in Mozambique. Semi-structured interviews have been the main base for gathering information combined with document review, observations and participating in conferences and debates in blogs on CSR online.

The study will not give the full true of what is happening in Mozambique, but it can contribute with suggestions on how companies can work with CSR. The findings can also be used to enrich later applied research on CSR and businesses abroad.

1.6 Presenting the companies in the comparative study

1.6.1 Kjær Group

Kjær Group (KG) is a Danish company that for more than four decades has been providing vehicle and automobile solutions to the international aid and development sector. They are recognised as one of the three largest companies within their field in the world. They operate mainly in Sub-Saharan Africa and Asia. The main office is in Denmark, and four other branches are based in respectively Sierra Leone, Uganda, Mozambique, Vietnam and London. On a global scale the company has around 220 employees, out of which 40 are working at the head office and about 165 are working in Africa. The last 15 employees are working as representatives on the continents.

The company was one of the first Danish companies to become member of Global Compact Network in Denmark, and has been a sound ambassador for acting social responsible. In the past the company addressed CSR in a more philanthropic approach, but a growing interest in integrating CSR more to their core business has resulted in a new strategy that is to be implemented during 2010/11 at the main office in Denmark, and the 5 branch offices in Sierra Leone, Uganda, Mozambique, Vietnam and London.

During the preparation phase the company was engaged in designing their first CSR strategy but it was yet to be implemented, therefore the data are based on actions before the implementation of the strategy plan.

In 2008 the company won two Danish awards; "Best of the rest" and "Monday development".

1.6.2 Dam Graphic and Typografia Globo Lda

Dam Graphic (DG) is a family owned graphic printing company based in Denmark. The owner is well-known by the Danish Ministry of Foreign Affairs for creating business successes using Danida's business instrument - the B2B programme - in Asia and Africa.

Tipografia Globo Lda (TG) is also a family owned company based in Mozambique and established in 1978. It started out with 20 employees and has grown to have around 120 on contracts. Their main clients are the government and the Catholic Church, but during the last few years the company has managed to include international NGOs (IBIS, MS, IPAC and World Vision) and national NGOs (Forum Mulher) to their portfolio.

The two companies have been introduced to CSR through the B2B programme where one of four mandatory criteria concerns CSR activities. Activities such as improving welfare for employees and training related to HIV/AIDS have so far been emphasized, and during the preparation of the second phase environment has been highlighted.

1.6.3 Kenmare Resources plc

Kenmare Resources plc (Kenmare), an Irish based mining company launched their operations in the Northern Province Nampula in Mozambique in 2002. The company was included in the study since it in 2010 won two awards related to their CSR activities. In September the company received the President's Award for the best International CSR Programme from the Chambers of Commerce of Ireland, and later this year the company could add the Nedbank's Green Mining Award in the socio-economic category.

The company attends CSR two-fold. The part that is related to their operations is based in the HR team in Maputo, while their social community investment activities are placed close to their operations in Moma. The activities are implemented through a foundation – Kenmare Moma Development Association (KMAD).

As such the study contains a comparison between two Danish SMEs and one Irish MNE which allow for discussions related to their scope and extent of social responsibilities.

1.7 Concept definitions

In this paper the definition from ISO 26000 is adopted defining Social Responsibility as;

> *" responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that; contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and that is integrated throughout the organization and practised in its relationships"* (ISO/DIS 26000, 2009).

As one can read CSR is transformed into Social Responsibility in an attempt to include not only corporates, but also organisations in a broader sense as long as they have clear objectives and structure. In this paper, the abbreviation CSR will continue to be used when describing the concept, since this is still the main used and recognized term.

1.8 Outline of the thesis

Chapter	**Outline**
Chapter 1: Introduction	This chapter gives an introduction to the thesis providing background, purpose of the study and research questions, and an outline of the thesis.
Chapter 2: Introduction to Mozambique	A presentation of Mozambique will be given, including a brief historical introduction followed by an overview of the economic recovery and development in Mozambique.
Chapter 3: Theoretical frame	This chapter will introduce past and present approaches to CSR describing the CSRs evolution over four generations. Contemporary concepts and discourse related to the topic is also presented.
Chapter 4: Methodology	This chapter describes and motivates the methodological approach used in the thesis, and how it relates to the thesis
Chapter 5: Empirical study	The results of the empirical study will be presented.
Chapter 6: Analysis and discussions	Empirical data will be analysed and connected to the theoretical framework.
Chapter 7: Conclusions and recommendations	In this last chapter an overall conclusion is presented and gives recommendations that can improve the base for CSR in Mozambique.

2   Introduction to Mozambique

2.1   Country profile

Mozambique is located in Southeast Africa and is bordered by Tanzania to the north, Madagascar in the Indian Ocean to the east, South Africa and Swaziland in the south, Zimbabwe on the west, and Zambia and Malawi on its north-western side. The capital Maputo is situated in the South of the country.

Mozambique is one of the largest countries in Southern Africa. It is covering almost 800 000 square kilometre land (or almost 18 times the size of Denmark) along a coast line of approximately 2.700 km. The country is divided in eleven provinces: Cabo Delgado, Niassa, Nampula, Tete, Zambezia, Manica, Sofala, Inhambane, Gaza, Maputo Province and Maputo City.

The estimated population is 22.416.881 (INE, 2009). The official language is Portuguese, but the Government also encourages the use of indigenous languages. The north-central provinces are the most populous. Around 45% of the population is living there, and out of those almost 4 million people belong to the Makhuwa culture. In the Zambezia valley the Sena and Ndau are the most prominent cultures, and in the south the Tsonga and Shangaan cultures dominates. The majority of the population adheres to some form of Christian belief (40%), while around 20% are Muslims. The Muslims are concentrated in the north, largely along the coast. Indigenous African belief is still strong and in practice it means that both Christians and Muslims follow and practice African belief in some verity. (INE, online; The Department of State, online).

Figure: 2 Map of Mozambique, source INE, 2009

With its position stretching out close to equator and 2.700 km south Mozambique has a sub-tropical to tropical climate with wet summers and dry winters. The country is rich in natural resources which play a central role in reaching growth and reducing poverty in Mozambique. 10% of the arable land is exploited, natural parks cover around 14% and yet another 21% is covered by forest but a need for construction material, clearing of new land for agriculture and mining activities will mean loss of forest (INE, online).Other natural resources include coal, titanium, natural gas, hydropower, tantalum, graphite and semi-precious stone opening for potential growth in especially the extraction and mining sector.

Mozambique is among those countries that will experience major challenges due to climate change. Flooding, cyclones, draughts and disease outbreak are some of the challenges mentioned in a detailed study on the effects of climate changes in Mozambique carried out by Mozambique's National Disaster Management Institute (INGC). The institute has estimated that with sea water expanding as it gets warmer there is a high risk that the coast line will move at least 500 m inland.

With around 12.000 million people, or 60% of the population, living along the 2.700 km coast line the consequences can become catastrophic (Irin, 2009). Each year the Central provinces are experiencing flooding. The worst in many years was the one in 2000, and in 2004 the Northern Province Cabo Delgado felt the power of nature during the Tsunami. The tide rose three times, and local women collecting shells during low tide, and local fishermen out on the sea were captured during the odd tides.

2.2 Independence, Civil War, and Multiparty System

Mozambique was colonised in the 1600's by the Kingdom of Portugal. In the year of 1752 Portugal announced that Mozambique was now their colony followed by slave trade and commercial exploitation of the country's natural resources. Mozambique regained its official independence from Portugal on 25 June of 1975. A civil war was unleashed in 1976 causing significant human and material losses. The civil war lasted for 16 years ending in 1992 with the signing of the Peace Agreement in Rome between the Mozambique Liberation Front (FRELIMO) which brought the country to independence, and the post-independence rebel group Mozambique National Resistance Movement (RENAMO). The 1990 Constitution adopted prior to the end of the civil war introduced e.g. a multi-party political system, freedom of assembly, religion and speech. Still, millions of people found themselves displaced after the assignment of the Peace Agreement. Almost all infrastructures were destroyed, and an estimated 1 million anti-personnel mines were placed in different parts of the country (MS, 2003). To date, demining programmes are still running in Mozambique.

The country has held four general elections with FRELIMO as the winning party in each of the elections. The first could be held in 1994 where Joaquim Chissano was elected, followed by the second election to be held in 1999. At the election in 2004 president Chissano decided to step down. He had been leading Mozambique for 18 years, and gave place to his successor Armando Guebuza, a wealthy business man. At the last election in October 2009 the party secured about 75% majority in the national parliament and Armando Guebuza was re-elected for a second term. Armando Guebuza was inaugurated in January this year. RENAMO gained 14% of the votes making it the second largest party followed by the newly established Democratic Movement of Mozambique (MDM) that managed to gain 9.28% of the votes In practice it means that the 248 parliamentary seats are divided between the three parties: FRILIMO won 192, RENAMO won 48, and MDM managed to win 8 seats (CIA, online; WB, 2010).

Elections are generally carried out well-organised and peacefully, but at the last election a unified donor communities, raised the concern of irregularities in the election process. In the pre-election process the National Election Commission excluded multiple opposition parties from running in both the National assembly and the provincial assembly electoral process due to missing registration documentation. MDM appealed the decision, but the decision was upheld by the Mozambican Constitutional Council. The donor communities showed concern for FRELIMOs ties to the council's and requested more transparency (U.S. Department of State, 2010).

2.3 Economic recovery

Mozambique is a LDC that faces considerable economic and human development challenges. More than half of the population is still estimated to live below the poverty line (The Republic of Mozambique, 2006). Institutional capacity is limited and corruption continues to be one of the main challenges hindering growth. In 2009 Mozambique was ranked 172 out of 182 countries in the Human Development Index (HDI). The index is a composite measure of life expectancy, educational attainment and a decent standard of living.

Each of these is given a weighting of a third in calculating the index. Mozambique have shown a positive development over the last decade but even though the figures still show that there is a long way ahead for Mozambique fighting its way out of poverty (UNDP, 2009b).

During post-independency one could see cooperatives, state farms and industries sprouting up, but already in 2001 the government switched to a more liberal economy. Over 1,200 state-owned enterprises were privatized, most of them small. It was challenging since many new owners had no or limited skills within management and leadership. Preparations for further privatisation for the remaining parastatals, including telecommunications, electricity, ports, and the railroads are under way (U.S. Department of State, 2010).

The civil war is seen as a main reason for the intensified poverty. The annual per capita GDP was as low as US$90 and it slowed down the process of social and economic development. A poor base to build on in the post-war era. Today the annual GDP is US$900. There is still a long way to go before Mozambique will reach its neighbour South Africa whose GDP is around US$ 10.000 (CIA, 2010). Never the less, Mozambique is widely considered to be a success story in Africa. Peace has been established and Mozambique has recorded some of the highest rates of economic growth in Africa (UNDP, 2004; World Bank, 2010). Since the civil war ended in 1992 the country has achieved an average annual rate of economic growth of 8% between 1994 and 2007. In 2008 the high food and fuel prices resulted in a drop in the growth rate to 6.7% and the global financial crisis caused a further drop to 6.1% in 2009 but one can say that Mozambique maintained strong even though. Mozambican Labour Minister Helena Taipo estimates that *"more than 1,000 workers have lost their jobs in Mozambique due to factors related to the current international financial crisis"* (All Africa, 2010). It doesn't seem to be a very high loss, but as the minister added it is difficult to estimate the true effect due to a large informal private sector.

Shanta Devarajan, World Bank Chief Economist for Africa writes that "*Mozambique's growth episode is one of the longest for low-income countries in recent years*" (Devarajan, 2010). Devarajan highlights issues such as pro-growth economic policies: sound monetary and fiscal policies to promote overall macroeconomic stability; lowering of restrictions on competition, such as price controls and inefficient monopolies; high levels of public investment in post-war reconstruction and infrastructure rehabilitation as some one of the reasons to the success. One might raise the concern that growth will not automatically lead to a reduction in poverty, but rather increase inequality making the gap between rich and poor even wider.

In Maputo around half of the population lives in poverty. In the rural provinces the situation is even much worse. 9 out of 10 people live in poverty (UNDP, 2004). A survey carried out in 2006 showed that three quarters of Mozambicans stated that in the past five years their economic position had remained the same or become worse (Hanlon, 2010a). A combination of higher prizes on basic food, electricity and water has made it challenging for a family living on a minimum salary to survive. It puts high pressure on the government to ensure that the benefits of a growing economy are used more equitably to alleviate widespread human poverty. If not we might see more reactions to the critical situation such as the recent demonstrations in Maputo, Matola, Chimoio and Nampula. By using text messages it was possible to organise mass demonstrations and block all main roads to Maputo for several days. The media reported 13 deaths, at least 300 injured and 224 arrested during the violence. The government had to make promises to the people in order to stop the riot. Some of the promises included reduced taxes for low use of energy and water, return to subsidise wheat, remove import duty on rice, loft on wages and allowances for all senior staff, and reduction on public expenditures on business class travelling.

Whether or not the demonstration where legal was not the point, but rather as Mia Couto puts it "*the demonstrations may not have been legal, but they were legitimate*" (Hanlon, 2010c).

The examples support the findings from the Norwegian research institute Chr. Michaelsen Institute. They warned that unemployment, crime and high costs of food, housing and land prevent the poor from converting progress in education and health into increased income and consumption, and can cause frustration among young men and women in the townships who cannot live up to the ideals of urban modern life (Hanlon, 2010c).

The private sector in Mozambique and its development

Much has been done in relation to improve the business environment, and this year Mozambique showed a slightly higher position than in the last Doing Business report. It was ranked 135 out of 183 countries. In comparison Tanzania and Malawi were ranked 131 and 132 leaving quite a distance up to South Africa who was ranked 34 (IFC/WB, 2010). Mozambique has especially emphasised its effort to reduce the time it takes to start a business. By introducing a One-stop-shop it was possible to lower the time to 26 days. In comparison the average time is 45.6 days in Sub-Saharan Africa. Initiatives such as removing the minimal capital requirement to set up a business of MT 10.000 combined with a less strict labour law can now enable more people to set up a small business (Ibid, 2010).

This combination can make it more attractive for poor people to start a formal business. Currently, small shops selling every thing from clothes, shoes, basic food and drinks, mosquito nets, or handicraft are emerging up in the townships contributing to the household income. Having a character of being an informal activity it is presumed that the government looses out on tax revenues from all the small businesses.

In developing countries Multi-National Enterprises (MNEs) count for as little as 3%. Challenges such as land rights, bureaucracy and training of human resources can be seen as a reason to why MNEs are less interested in investing in least developed countries (LDC) such as Mozambique. MNEs are interesting in the sense that they contribute to overall growth, but it also implicates a tendency to a new dependency on foreign resources making the governments vulnerable to changes. Small and Medium seized Enterprise's (SMEs) on the other hand seem to become more important as countries get wealthier (Raworth *et all*, 2008).

Subsistence agriculture continues to employ the vast majority of the country's workforce. It is estimated that more than 70% of the population is working in the sector but as figure 4 shows it only contribute with less than 1/3 to the GNP. Comparing with Tanzania the situation is more or less the same while Malawi shows that agriculture contribute with up to 90%. South Africa on the other hand agriculture contributes with as little as 3%. It will require more improvements in e.g. infrastructures, technical skills, and access to financial support to changes the pattern. Only 10% of arable land is explored which opens for opportunities to improve the sector towards producing more cash crops (e.g. cotton, tobacco, cashew) and food crops (e.g. maize, rice, horticulture) that can be exported (UM, 2006).
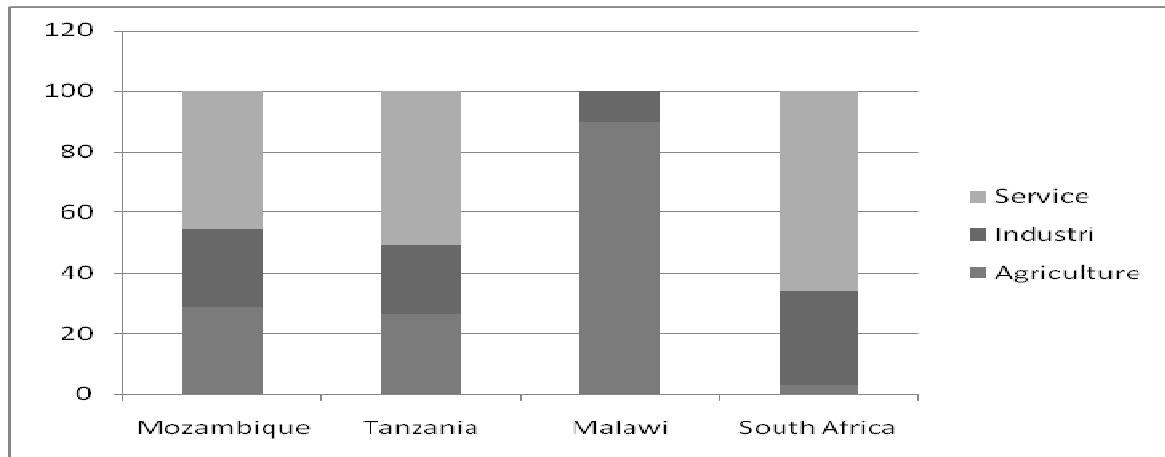
Figure 3: Balance between service, industry and agriculture, Source: Author own elaboration, CIA, 2010

The mining industry is one of the main reasons to the positive economic growth in Mozambique contributing with 5% of the GDP. The mining minister, Esperanca Bias says that the government is open for more foreign companies to invest in mining and hopes that the sector in the next five years can increase their contribution to 12% (Reuters, 2010). Mozal SARL was the first MNE to start operating in Mozambique, but today the sector counts Sasol Ltd, the Cahora Bassa Hydroelectric, Rio Tinto, Marmonte, and Kenmare Resources.

The construction sector has likewise been growing. Constructions of schools, health centres, roads, industrial ports, airports but also restoration or construction of new houses is shooting up so fast that demands for cement has been higher than the cement fabrics can produce causing shortness of cement. To cop with the demand the government last year accepted a decrease taxes on imported cement.

Tourism is yet another sector that is growing. At the moment it contributes with 1.5% to the GDP, and one could hope that the sector will have the same positive development as in South Africa where it contributes with 8% today, and with potentials to rise as high as 12% (CIA, 2010). Lack of trained human resources due to a weak educational system that can provide the skills the private sector demands is a constraint for development. Furthermore poor labour productivity and high rates of HIV/AIDS are other elements that can affect the development speed (WB, 2010).

Access to skilled labour

With a growing economy follows the need for skilled labour. During a meeting of the Consultative Labour Commission (CCT) this year employers warned that Mozambique is continuing to face a shortage of skilled labour. It can cause a danger to businesses and their competitiveness within the southern African region if the demands can not be met. Graduates lack practical experience, and on top of that the quality of education is being criticised (all Africa, 2010). Currently it means that employers will continue to look for foreign labour. The practice is visible in foreign companies where positions on medium and senior level in general are occupied by foreign labour, and often from the country of the company's origin.

Foreign labour is managed through a quota system that depends on the size of a company. A company with more than 100 employees is allowed to recruit foreigners amounting to five percent of their workforce, while a small company is allowed up to ten percent. In practice it means that since a small company is categorised to have max 10 employees only one of them can actually be a foreign employee. It causes problems for especially small foreign investors that often start out with less than 10 persons, but with time could grow to a sound business.

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In the Doing Business report 2011 figures show that there exists a difference when comparing minimum wages for a 19-year old worker or an apprentice. In Mozambique the minimum wage is US$ 87.9. Compared to Tanzania the minimum is only US$ 60 while Malawi is as low as US$ 22.6. South Africa on the other hand is as high as US$ 516.4. They all allow a 50 hour work week and also operate with a 6 day work week. When it comes to paid annual leave South Africa and Malawi both pay for 15 days, while Tanzania pays for 20 and Mozambique for 21.3 days (IFC/WB, 2010).

The combination of a poor skilled labour, a higher minimum wage and a longer paid annual leave might not be in favour for Mozambique when attracting a foreign investor. On top of that one will also have to take into account that the working language is Portuguese. If it is their first experiences with Africa a company might give priority to other means.

Current trade pattern

South Africa has emerged as the main trading partner to Mozambique. An increasing urban population means fast growing demands for a variety of consumer's goods but also for manufactured products, petroleum, and motor vehicles. In turn Mozambique exports e.g. nickel ores, unwrought nickel and cotton. To enhance trade in the region the government has emphasised corridors by land that link Mozambique with Zimbabwe, Malawi, Swaziland and South Africa through four corridors: the Beira Corridor, the Maputo Corridor, the Mtwara Corridor, and the Nacala Corridor. New ports and improvements of others are also under way, and with time it will enable a more balanced trade that can contribute to close the import/export gap.

Emerging countries such as China and Brazil are also increasing their trade with Mozambique, but the balance must be said to be in their favour. The case of Brazil their exports to Mozambique are worth more than US$100 million annually while Mozambique's exports to Brazil are worth less than US$ 2 million. During a visit in November a group of Brazilian businessmen furthermore showed interest in investing in Mozambique. They were especially interested in investing up to US$ 500 million in the mining, energy and service sectors (Sapa-DPA, 2010).

The fact that Mozambique is a LDC allows it to benefit from the Everything-but-Arms-Initiative under which all imports to the EU from the LDC are duty free and quota free - with the exception of armaments. Mozambique has also access to the US market under the Africa Growth and Opportunity Act but so far the country has taken little advantage of this opportunity. In 2008 Mozambique imported goods worth US$ 134 million from the United States. It was mainly cereal, petroleum oils, and petroleum coke, while Mozambique the same year only exported $9 million worth of goods to the United States. It is questionable who actually benefits from the Act. Mozambique might be given the opportunity to export, but on the other hand the United States also has been given access to currently 41 Sub-Saharan African countries hereunder Mozambique until at least 2015 (UM, 2006; AGOA, online).

Levels of corruption

Corruption can be seen at all levels in Mozambique and continues to be very complex with wide impact on people's lives. The most common norm given is petty corruption by low-level government officials that try to supplement their low salary while high-level corruption is carried out by the political and economical elite. Between January and November this year 30 policemen alone have been arrested and charged with crimes of corruption. General Common of the Mozambican police, Pedro Cossa said that the crimes of which they are accused include not only extorting money from citizens, but renting out police guns to gangs of criminals (AIM News, 2010c), but other examples can also be found among teachers in primary, secondary and tertiary educational sectors, or the heath sectors where officials misuse their positions.

The government has taken a variety of steps to fight corruption within public administration in Mozambique hereunder upgraded its Anticorruption Unit to a Central Office or Combating Corruption. In 2006 the Programme Aid Partners (PAPs) stated that the government had made "no progress in implementation" of the anticorruption initiatives (Freedom House, online; U.S. Department of State, 2010), and as the data below show it seems that it is an ongoing problem. A corrupt business environment does not seem the most welcoming environment for a foreign investor. Compare with some of the African countries with boarders to Mozambique it gives more or less the same picture, indicating that corruption is still extensive in the whole region. One can wonder whether corruption is so deeply rooted in the region making it almost impossible to fight back if not much attention is given to social behaviour changes along with establishing the legal frames and setup for tackling corruption.
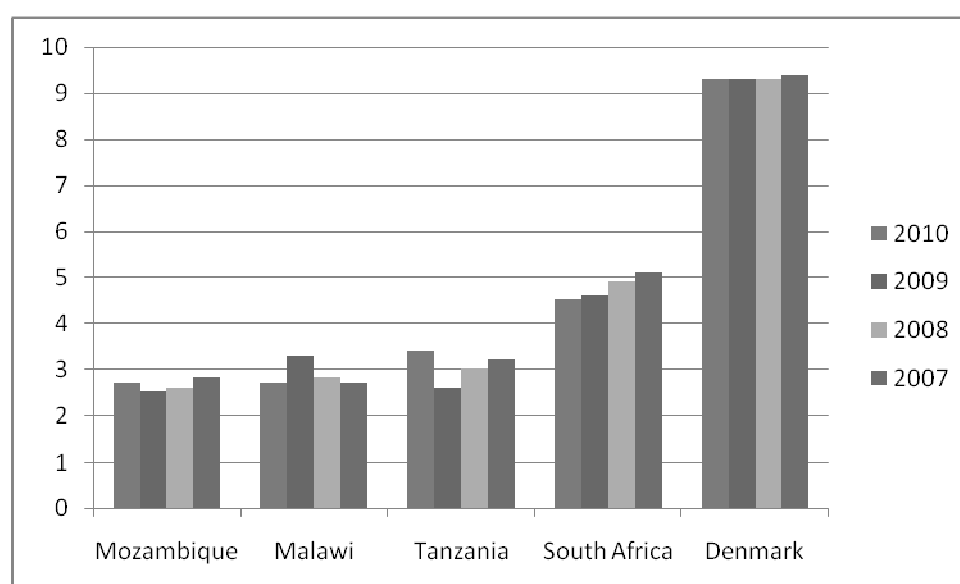
Figure 4 CPI score and ranking, Source: Authors own adopted from the Corruption Perception Index, online

One way to introduce sound business practices could be through the international business environment with activities in Mozambique. Scandinavian countries are recognised as being less corrupt placing them in the upper ten in the score and ranking index 'Corruption Perception Index' (CPI) as is the case with Denmark. It opens for the opportunity that Nordic companies can serve as 'ambassadors' for sound business practices in private sector partnerships.

2.4 Development

2.4.1 Development assistance

Mozambique has been heavily dependent on foreign aid. In the 1960´s the main donations came from both China and the Soviet Union. During 1981 – 1992 the main donors, beside the Eastern block, were the Nordic countries, Netherlands and Italy. Changes in the aid architecture though means that more aid since 2000 has been integrated into the ongoing functioning of government via direct budget support aiming at higher aid effectiveness (UNDP, 2004; WB, 2008; Jones, 2009). Each year the donor policy forum better known as the Programme Aid Partners (PAP) signs an annual contract with the government covering all policy areas The donor policy forum is at present counting 19 members that all provide budget support (AIM News, 2010a; Hanlon, 2010a).

In 2009 55% of the planned state budget was funded by foreign aid (UNICEF, online). Actions have been taken towards less dependency such as a new tax reform. Results so far show that the reform has increased revenue from 12.6% of GDP to 18.1% in 2009 (UM, online). As mentioned earlier Mozambique is often considered a "donor darling". Mozambique receives e.g. US$ 65 per person per year in aid, while Tanzania and Malawi each receive US$ 42 per person per year (UNDP, 2004; Hanlon, 2010a). South Africa only receives 15% but by 2013 aid will be gradually diminished to 1% (UM, online).

This year one could witness that the process of signing the annual contract was delayed. In an interview the outgoing chairperson of the PAPs, Irish Ambassador Frank Sheridan explained that "*in the governance area, and also in the area of economic development, the level of performance (in 2008) was, with some exceptions, disappointing*" and that the financial support as such had been not only withheld, but there was also a decrease in the amount (AIM News, 2010a). Normally, the first disbursements are paid in January, but only in March did the government and the PAPs reach a consensus aiming at a revision of the electoral laws, further government measures against corruption, and the "professionalization" of the public sector (AIM News, 2010b).

2.4.2 Development strategy

In 2003 a civil society group supported by the government, UNDP and other partners completed the Agenda 2025, a strategic exercise of reflection over the future of Mozambique. UNDP and some bilateral donors such as Danish Ministry of Foreign Affairs/Danida assisted in the consultative process that brought leaders and citizens together to participate in formulating scenarios for the country's future. Various scenarios were discussed, among them: (1) peace and social stability, (2) democracy and participation and (3) competitiveness and technological transformation (Committee of Counsellors, 2003; UNDP, 2004). The document has no targets, but serves primarily as a guideline for public debate, and has been one of the key documents designing the Action Plan for the Reduction of Absolute Poverty (PARPA).

PARPA I and II are recognized as the government's Poverty Reduction Strategy Paper (PRSP). The first PARPA covered the period 2000 – 2004 and had its emphasis on poverty reduction programmes laying a firm foundation for integrating the MDGs. Mozambique signed the Millennium Declaration alongside with 190 other nations working towards achieving the 8 main goals by 2015 (Republic of Mozambique, 2005). The present strategy plan, PARPA II, covers the period 2006 – 2009. The design of PARPA II provided an opportunity for expression of more pro-poor policies influenced by the first experiences from PARPA I.

The PARPA II is based on the thematic areas of Agenda 2025; the country's long-term strategic vision mentioned before and presents the following priorities: (i) macro economy and poverty, (ii) governance, (iii) economic development, (iv) human capital, and (v) cross-cutting issues. Quantitative targets, each one associated with a number of actions, resulted in a comprehensive document (The Republic of Mozambique, 2005; The Republic of Mozambique, 2006). The preparation of the third PARPA is in the production phase.

2.4.3 Status on Millennium Development Goals

At the United Nation (UN) summit in 2000 the world leaders decided to take a further step to fight some of the most aggravating problems in the world by 2015. Eight concrete promises were written down in what is better known as the Millennium Development Goals (MDGs). Half way through, the goals have undergone a mid-term review. There are signals that a strong economic growth in many developing countries in the past decade means that goal 1 halving the proportion of extreme poor in the population is within reach at the global level. With the triple crisis (food prizes, financial crises and impact of climate change), the situation has caused new challenges, and estimate indicate a worrisome situation. In the mid-term review the World Bank and International Monetary Fund (IMF) summarized that "*most countries are off track to meet most of the MDGs, with those in fragile situations falling behind most seriously*" (WB/IMF, 2008). They estimate that African economies must grow at an average sustained rate of 7% or more per annum if they are to achieve the MDGs (Ibid, 2008). Mozambique together with Ghana, Tanzania, and Uganda has made *"solid progress"* towards meeting the MDGs, but with the current financial crisis the growth rate dropped to 6.1%, and as it is presented in the matrix below Mozambique is already off track with four out of eight of the MDGs. The drop in the financial growth can cause further delay as foreseen by the WB in meeting the 2015 goals.

Goal		Progress in Mozambique
1	Eradicate poverty and hunger	Possible to achieve if some changes are made
2	Achieve universal primary education	Potentially
3	Promote gender equity and empower women	Probably
4	Reduce child mortality	Probably
5	Improve maternal health	Potentially
6	Combat HIV/AIDS, malaria and other diseases	Potentials in reversing the spread of HIV/Aids. Little chance that those in need of treatment will gain access by 2015. Goals related to reverse incidents with malaria and other diseases will be met will probably be met.
7	Ensure environmental sustainability	Potentially
8	Develop a global partnership for development	Insufficient information

Table 1: MDGs and progress in Mozambique, source: Government of Mozambique (2010)

Priority of development issues:

It is not an easy task to define which issues are more important than others when you are placed among the poorest countries in the world. There is a need to upgrade all over the scale. The private sector though will need skilled and a healthy staff. It would therefore be strategically correct to give priority to education and health related issues such as HIV/AIDS, malaria and cholera. At the same it would also be relevant to take environmental concerns into consideration to avoid that economic growth will put too much pressure on the natural resources doing more harm than good in the long run. In the following a short status is given.

Education: During the colonial regime black Mozambicans had limited access to education. Children from mixed couples, also called "assimilados", were allowed to attend classes together with the Portuguese children. It meant that 93% of the post-independency population was illiterate, making education one of the main goals in its rebuilding. Today, the percentage has decreased to 55%, and the Government believes that they can reach the MDG by 2015. Primary school has become mandatory, and the enrolment of new children is steadily increasing. The main challenges are found in the rural areas where children besides going to school are seen as an important workforce in the fields as well as in normal house duties.

If the predictions stands that more companies will place their activities in rural areas where they exploit the natural resources there will be a growing need to assure that the companies can find local educated workforce. If not, the companies as seen above will be tempted to continue bringing skilled workforce with them meaning that the local population won't benefit as expected.

Environment: The context of extreme poverty puts strong pressures on natural resources and progress towards MDG7 has been disappointing. A set of environmental laws and regulations are in place but the lack of qualified human resources and technical means limit the government's actions for effective enforcement of environment legislation and monitoring of natural resource use. To give an example to their challenges the Provincial Department of Coordination of Environmental Action in the Northern Province Cabo Delgado, twice the size of Denmark has less staff than a medium seized municipality in Denmark. It surely makes it very challenging to enforce laws, but also to monitor not only that use of natural resources is sustainable but also to monitor and report on progress concerning goal 7. The development is moving faster than it is possible to educate new environmental engineers and technicians. Another issue is the availability of a laboratory to test water, soil and air for pollution.

HIV/Aids: The consequences of HIV/AIDS can be devastating to Mozambique. Due to the HIV/AIDS pandemic, UNDP (2004) believe that we should not expect a life expectancy higher than 40 years. In 1992, 3.3 % of the adult population (15-42 years old) in Mozambique lived with the disease. In 2008 and 2009 the rate was stable at 11.5%. The highest rates (23.4%) were found in Gaza province and the lowest rate of 3.7% was found in Niassa province (Republic of Mozambique, 2010). So far, the health and education sector both experience absenteeism due to the HIV/AIDS disease. The ever present risk of malaria, cholera and diarrhea are other health related issues that can effect growth if not controlled.

3   Theoretical framework

Votow said back in 1972 *"corporate social responsibility means something, but not always the same thing to everybody" (in Crane et all, 2008).* It would seem that he was right. For at least 5 decades CSR has now been debated and the changing and evolving of CSR as Votow predicted has resulted in a broad variety of discourses and theories over time. A short introduction of the evolution is presented and together with mapping CSR theories it will become possible to discuss where we can place Mozambique in the evolution stage in Chapter 6. Carroll's CSR Pyramid is presented in more detail since the model is chosen for further discussions when comparing the three different approaches applying CSR in Mozambique.

3.1   Understanding CSR

3.1.1   What motivates a company to act social responsible?

The ongoing demand for greater disclosure from stakeholders and consequently companies no longer can act as isolated economic entities operating in detachment from broader society. Increased costumers interest in a company's ethical conduct is therefore seen as one of the main motivation factor. In the financial market the Dow Jones Index is an example of how ethical considerations have become more popular when buying and selling stocks making this a motivator too. Seeking out employers whose philosophies and operating practices match their own principles is yet another and in some cases it can force companies to improve working conditions in order to hire and retain skilled employees. Companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner by introducing codes of conduct for their suppliers. Weak governments that fail to provide basic infrastructure to the communities can act as a motivation for companies to either commit themselves to carry out responsibilities that naturally are within the responsibility of the governments. The balance for the company is to control that they do not take over the responsibility of a government, but only support a weak government fulfilling their responsibilities.

TNS Gallup carried a study among Danish companies (TNS Gallup, 205). They were asked about their main motivation for CSR. The results are illustrated in the figure below. Ethical and moral reasons are mentioned as the main driver, followed by improving their reputation through CSR. Less interest is given to whether there is a demand from costumer or business associates.
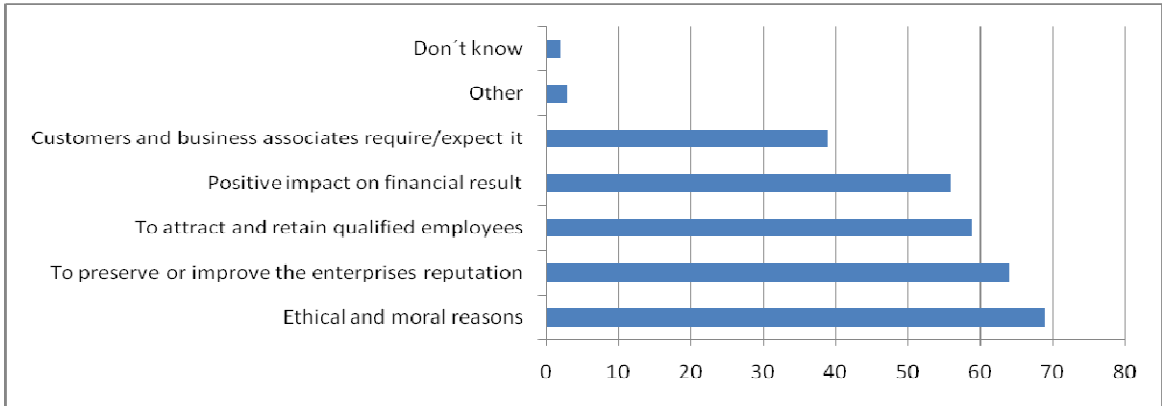
Figure 5: Main motivation factors among Danish companies, Source: TNS Gallup, 2005

3.1.2 Potential roles for MNEs and SMEs relating to CSR

There has been a tendency towards the idea that CSRs merely is related to MNEs rather than to SMEs, but an SME is not less responsible than larger enterprises. Both MNEs and SMEs can each play their individual part. On a macro level MNEs are much more experienced in acting as a very important partner using its influence working together with the government, institutions and NGOs to either enforce or setup new regulations improving overall health, education and corruption in developing countries where they have operations. Where as on the micro level, an SME can take a leading operational role using its local knowledge providing basic needs such as water, sanitation, energy, housing, health care and communication services in the local area where the company have operations. By doing that they can reach a higher level of well –being and create local goodwill towards their business project in the local environment through 'pleasing' the community members.

3.1.3 Potential roles of the government relating to CSR

When it comes to defining what are the roles of the government moving towards an integrated CSR approach the following roles listed by Worlds Bank and International Finance Cooperation (WB/IFC, 2006) can serve as guidance. They operate with four roles: *mandating (*laws, by-laws, regulations and penalties pertaining to the control of some aspect of business investment or operations); *facilitating (* incentives, non-binding guidance and codes, endorsements and deterrents, such as market stimulation, tax incentives, awareness raising, processes of stakeholder dialogue and publicity and praise); *partnering (*combining public resources with those of business to leverage complementary resources, realise economies of scale and cross-fertilise best practices) and last *endorsing (*showing public political support for CSR performing companies and facilitating civil society organisations in the form of publicised praise or awards; involving leadership companies in the public policy arena; endorsing specific metrics, indicators, guidelines and standards).

Mapping the actions related to the four roles will provide a pro-active government with an overall view over its current status and can serve as a practical tool to set up a strategy to how best approach the promotion of CSR, when and with whom as partners.

3.2 The evolution of CSR

In this section a few central concepts will be discussed, but let us first get a glimpse of CSRs evolution summarized by Frederick (cited in Crane *et all*, 2009). Frederick argues that there has been four CSR generations:

- CSR1 covering Corporate Social Stewardship (1950s – 1960s)
- CSR2 covering Corporate Social Responsiveness (1960s – 1970s)
- CSR3 covering Corporate/Business Ethics (1980s – 1990s)
- CSR4 covering Corporate Global Citizenship (1990s – 2000s)

The first period was influenced by voluntary *philanthropy* initiatives allocating funds supporting a variety of projects; typically of a more social character aiming at reducing the gap between rich and poor (Frederick cited in Crane *et all*, 2009). The most common community initiative is donation. It can be donations to community groups, education initiatives, sports, youth groups, health programmes, art and culture. Matten and Moon (cited in Crane *et all*, 2009:458) argue that this approach is more common in countries where there are fewer stringent legal requirements as was – and to a certain extent still is - the case in the United States. As a respond American companies would address important social and economic issues such as health-care provision, employee's rights and environmental protection in their CSR policy. Issues that one would expect are covered by the government.

In the second period, companies had to change tactics due to a growing social activism. The general public started to question business behaviour demanding that a company should go beyond voluntary philanthropy. A more *responsive approach* was expected. Protests through demonstrations and campaigns became a used form among the public in the western world to reach a company and express their expectations. It meant that a company suddenly had to look inward and correct actions related to the workplace, but also take actions to prevent industrial pollution and improve occupational health, avoid bribery and enter into a more fair business strategy. The period was important for CSR as a concept since the question was no longer whether a company should address social issues or not, but rather how. It had been affirmed by the public opinion but also through new government regulations and was the beginning of incorporating CSR into core business plans. During the same period the first Environmental Protection Agencies (EPA) and Occupational Safety and Health Administration (OSHA) were established in many developed countries setting standards for industrial pollution and occupational safety and health (Carroll, in Crane *et all*, 2008). The period signals a change from passive responsibility to a more active social response by companies during a period in which authorities and traditions stood to fall.

Ethical issues started to take their first form in the prior period when protesters condemned weapon production, war profiteers and business support of militant foreign policy, but during the two decades, 80s and 90s ethical behaviour became a strong element in CSR. Community relationships, respect for stakeholders rights, fairness and justice in all business transactions and promoting social responsibility became important issues (Phillips cited in Crane *et all*, 2009). Companies could chose from a variety of tools such as mission statements, code of ethics, and audits. Royal Dutch/Shell and BP were among those companies who have felt the prompt response from their consumers due to scandals related to work conditions, environmental destruction, and child labour to mention a few issues (Frynas, 2005:581; Knudsen, 2004). In the case of BP a more proactive approach evolved. In parallel to its business development activities, the company took the first steps towards working in partnership with governments, NGOs, and local communities where they operated. The aim was to address specific development issues and invest in the local community to promote sustainable development. The company did manage to turn around their reputation. In April 2010 the company was making new headlines. This time the Deepwater Horizon rig exploded. 11 people died and the explosion caused a massive oil spill in the Gulf of Mexico. The company admitted their responsibility and a comprehensive cleaning up action plan was quickly set in motion. Never the less, the incident has caused new scratches in BP's reputation and the goodwill they had built up, and it is to expect that it will take new efforts to earn back trust in BP. The last period covering 1990s and up until today incorporates a more global focus treating all of company's stakeholders with dignity and respect by being aware of the company's impacts. MNEs are no longer citizens in one nation but in two or more. It gives rise to other and more complex issues when discussing CSR. The presence of MNEs does e.g. not always bring positive impacts. New jobs might be created, but possibly at the cost of a disrupted and often degraded environment. Thus, companies such as Coca Cola, Microsoft and ExxonMobil who have faced considerable public criticism have today adopted the concept *corporate citizenship*. A concept that more than any other became a concept that competed with CSR (Carroll in Crane *et all*, 2009) and attempted to install a new picture of the corporation as a good neighbour (Crane *et all*, 2008).

Lately, discussions are related to how a company can link the activities closer to their core business. The idea is that the closer their social activities can be related to their core business the better chances the company has to create greater wealth than other donations.

These thoughts are very much in line with what several international institutions call *inclusive businesses* (Business Action for Africa, 2010).

The idea builds on 'bottom up the economy pyramid' where the poor is seen as the consumers. The idea was discussed during a workshop on the MDGs Summit in New York this year. It is believed that through inclusive business it is possible to accelerate progress towards the MDGs. Successes are already seen in India, although challenge such as seeing the poor as an opportunity to innovation rather than the more common view where the poor is a problem have been challenging.

3.3 Mapping CSR theories

3.3.1 Instrumental theories

Instrumental theories have their main focus on achieving economic objectivities through social activities, but social in the sense that it has to be consistant with wealth creation. If not it should be rejected. Friedman is saying that *there is one and only one social responsibility of business, - to use its resources and engage in activities designed to increase its profits (*Friedman cited in Crane *et all*, 2008). The approach is directed to *maximization of shareholder value* or *strategies for competitive advantage* (Crane *et all*, 2009:6) but only *so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"* (Friedman cited in Crane *et all*, 2008). Friedman raises the attention that a business is expected to comply with laws and regulations while increasing their profits. Companies can also advance its competitive position by encouraging employees to engage in projects that will enhance their skills and competences improving their professional performance linking employee volunteering to human resource strategies (Hess *et all*, 2008). The thoughts can be linked to *strategic philanthropy* or *social investments* introduced by Porter and Kramer (cited in Crane et all, 2008:185) are two other models under instrumental theories. Investing in philanthropic activities in the locations where a company operates may add value to both the cause and the company becoming a way to improve its long-term competitive potential (Porter *et all*, 2002). It has given place for new *partnerships between companies and NGOs* working together for a cause using each of their core competences.

3.3.2 Political theories

By Political theories the main idea is that a company is using its power in the political arena in a responsible way. Terms such as *corporate constitutionalism*, *integrative social contract theory* and the more popular *corporate citizenship* are part of main theory. The latter belief that a company should be understood as a citizen with certain involvements in the community. Crane and Matten (cited in Crane *et all*, 2008:85) among other scholars have given new life to the term by distinguishing it in three views:

a) a limited view

b) view equivalent to CSR, and

c) an extended view of corporate citizenship held by them.

The limited view is very similar to the one described on social investment, and likewise the equivalent view is recognised as being the closest to Carroll's classic CSR where CSR is seen in four elements; economic, legal, ethical and philanthropy. The last view is proposing that a company enter the arena of citizenship when a government fails in protecting its citizens and gradually can become a much stronger institution than the government.

Whether this is realistic in developed countries can be discussed, but it certainly seems realistic when discussing developing countries.

3.3.3   Integrative theories

Integrative theories have their focus on integration of social demand and are as such related to how a company responds to social demands. It builds on the idea that a company cannot exist without taking into consideration the social demands that achieve social legitimacy, greater social acceptance and prestige (Crane *el all*, 2008:86). The term *issue management* relates to the process by which the companies identifies, evaluates and responds to relevant social and political issues that may have influence on the company in the attempt to minimise surprises or risks. *Stakeholder management* is one of the more common activities visualizing specific responsibilities to specific groups with a stake in the company. The company seeks to listen to and integrate the various groups in their decision-making processes.

3.3.4   Ethical theories

Finally, ethical theories take their point of departure on the right thing to do to achieve a good society and include *normative stakeholder theory the common good approach*, *sustainable development* and *universal rights* (Crane *et all, 2008:91)*. The latter approach, universal rights, can be linked to development. It is using a framework based on human rights, labour rights and respect for the environment as first described in the Universal Declaration of Human Rights dated back to 1948. In the same category belongs the value based concept *sustainable development* that came into widespread use after its presentation in the Brundtland report in 1987. Behind the concept lies the philosophy to achieve human development considering present and future generations, and have become an unseparate term in development today. The World Business Council for Sustainable Development writes that it "*requires the integration of social, environmental, and economic considerations to make balanced judgments for the long term*" (WBCSD, online). The concept has accelerated up a new way of looking at business and development as two intertwining elements. The idea is that economic progress should not come at the cost of using up irreplaceable natural resources and polluting the planet. It suddenly became important to pay attention to how a company grows into becoming a strong competitive component.

A whole new set of legislations, regulations and incentives followed directed at companies and their operations. Terms such as cleaner technologies, cradle- to- grave initiatives, and polluter-pay-principles became part of modern business management. Voluntary labels such as Fair trade product and Forestry Stewardship Certification (FSC) saw the light, and environmental management systems such as ISO 14001 became an important frame for companies supporting them to manage their production in a more sustainable manner. In Johannesburg during the Rio+10 in 2002 further steps were taken to include the private sector in sustainable development putting emphasis on the concept Private-Public Partnerships (PPP) where the governments are key actors in the financing and delivery of human development services, and the private sector is playing an active role by providing the service.

3.4   The CSR Pyramid

The pyramid has been central for discussing CSR over the past 30 years and it has given it high value due to its simplicity. The CSR Pyramid is developed in the United States, and encompasses four elements: *economic*, *legal*, *ethical*, and *philanthropic* expectations that society has of organisations at any point of time.

During the years, and in connection with the ongoing debate and discourse on CSR, Carroll himself has further developed the model in order to include new trends such as corporate citizenship (Visser, 2006) and stakeholders (Carroll, 1991).

Empirically testing of the model has been carried out by Carroll himself and others. The latest was carried out in 2007 by Crane and Matten (in Crane *et all*, 2009). They discussed CSR in a European context using Carroll's CSR Pyramid as a part of departure. They found that "*all levels of CSR play a role in Europe, but they have different significance in different countries, and furthermore are interlinked in a somewhat different matter*". Since the different testings are based on findings from industrialized countries such as England, France, Germany, Japan, Sweden, Switzerland and the United States (Visser, 2006), it is doubtful that the same testing also serves as guidance for how CSR is approached in emerging and developing countries.

3.4.1   Carroll about the CSR Pyramid

For CSR to become legitimate Carroll believed that businesses should address the entire spectrum of obligations towards society: economic, legal, ethical as well as philanthropic obligations. Carroll was thus one of the first scholars who emphasized an integrated approach that moved away from a mere philanthropic point of view.

He exemplified his thoughts in a very simple pyramid as shown in the figure below. In the model economic responsibility is the base on which the other three responsibilities are built. First legal responsibility follows then ethical and last philanthropic responsibilities.

Carroll is aware that some of the responsibilities can run in parallel, hence, the shape as a pyramid should not be taken too strictly. The separation is more seen to help "*managers see that the different types of obligations are in a constant but dynamic tension with one another*" striving towards "*make a profit, obey the law, be ethical, and be a good corporate citizen*" (Carroll, 1991).

Economic responsibilities: Focusing on economic responsibilities Carroll addresses the responsibilities towards business shareholders assuring them that they make an acceptable profit in the process. Standing alone it leaves less room for making profit with a purpose, but Carroll proposes that a company can include a purpose by addressing a wider scope of activities such as: produce safe products and services; create jobs; invest in human capital; establish local business linkages; spread international business standards; support technological transfer; build physical and institutional infrastructures; and pay taxes. One could say that Carroll's thoughts go hand in hand with goals presented in private sector programmes by donor agencies.

Legal responsibilities: Companies are expected to comply with national laws and regulations as the ground rule under which they operate. They are also seen as coexisting with economic responsibilities. A company can e.g. not start to operate and pursue their economic mission before they have all their legal papers in place – being it in developed or developing countries. The tricky question is whether a company is expected to go beyond legal regulations to be able to call themselves social responsible or whether compliance with national laws and regulations is enough. Transparency International says that there seems to be a change among companies to become less transparent than before. They believe that the financial crisis might tempt some companies to use bribery in the search for new orders (Transparency Organisation, 2010).
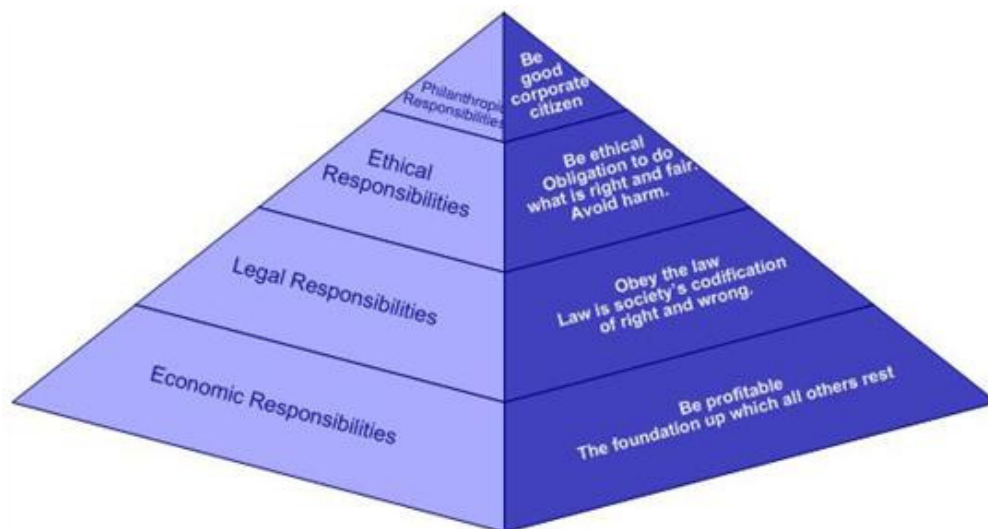
Figure 6 Carroll's CSR Pyramid, source: CenSa, online

Ethical responsibilities: In this case responsibilities embody standards, norms, or expectations that reflect concern from stakeholders and what they regard as fair or just. In contrast with legal responsibility where the company is playing by the rule by obeying the law, a company is expected to adopt a fair and just business practise on a voluntary basis. Companies feel the pressure from business ethics movements legitimating ethic responsibilities as a strong CSR component asking the company to go beyond the law. Companies respond with elaborating codes of conduct, signing up for labellings like ISO 14001, SA 8000, AA1000 or FSC as described in Appendix 4. They are voluntary and the organisations behind the labelling carry out third audit measuring a company and its performances.

Philanthropic responsibilities: By philanthropic responsibilities Carroll means that a company engages in acts or programmes to promote human welfare or goodwill in means of financial resources or executive time. Opposite to ethical responsibilities where stakeholders expect that a company acts ethically responsible, philanthropy is more related to contributions that a company bring. There are no expectations as such. Carroll compares philanthropy with the icing on top of the cake. He mentions that even though it is highly prized it is less important than the other three elements. This might be right when relating solely to developed countries. Visser is questioning whether we can say that it is also of less importance when talking about emerging and developing countries as will be discussed in the next section.

3.4.2   Visser revisiting the CSR Pyramid

With more focus on CSR in emerging and developing countries Carroll's CSR Pyramid seems to have regained new interest among scholars such as Visser. The discussion concerns whether the very simple theory presented in 1979 would serve in e.g. an African context. Visser argues that in an African context philanthropy follows immediately after economic responsibilities. He builds his argument on the socio-economic needs of the African societies in which companies operate arguing that" [...] *philanthropy is an expected norm"*. At the same time companies realise that they cannot succeed in societies that fail which makes them more aware of the importance to improve prospects of the communities in which they operate.

Another argument for a strong philanthropic base is linked to the foreign aid that many African countries rely on, and that can be seen as contributing to a deep-rooted culture of philanthropy in Africa. Comparing with Europe CSR takes a more embedded approach where CSR is part of a business plan rather than an ´add on´ activity.

Visser argues that need for basic infrastructures or financing of welfare programs in many African countries can support that philanthropic programmes are of importance. A recent study in Uganda supports Visser´s findings. Managers from SMEs responded that they mainly concentrated on the community aspects rather than the other elements. The study also revealed that the reason could be linked to the fact that they were not aware of the other three elements (Katamba *et all*, 2008).

Analysing the legal responsibilities Visser mentions that there is *"far less of a pressure for good conduct in Africa"* (Visser, 2006)*.* Legal infrastructure is often poorly developed and they lack independence, resources and administrative efficiency. There is a risk that it sets serious limitations and reduces the effectiveness of legislation as a driver for CSR.

The last block is left to ethical responsibilities having the least influence on the CSR agenda in Africa. Good governance is gaining a higher priority in Africa, but as Visser mentions, even in larger companies where ethical infrastructures are in place there is a lack when it comes to training and senior management responsibilities for ethics. Addressing corruption is a very long and ongoing process in countries where it is a natural part of everyday life. It is not unusual for a student to pay bribery to pass their exams, parents pay bribery to be attended at the hospital, community members pay bribery to the administrative clerk to gain access to development funds community members have to pay (Transparency Organisation, 2010; AIM News, 2010c).

As a result of the discussions Visser suggests that CSR illustrating the reality in Africa will mean that the blocks are placed in a different order. Economy is still the base but in contrast to Carroll philanthropy is placed as the next layer followed by legal responsibilities and last ethical responsibilities.

(a) Caroll's classic pyramid   **(b)** CSR Pyramid for developing countries
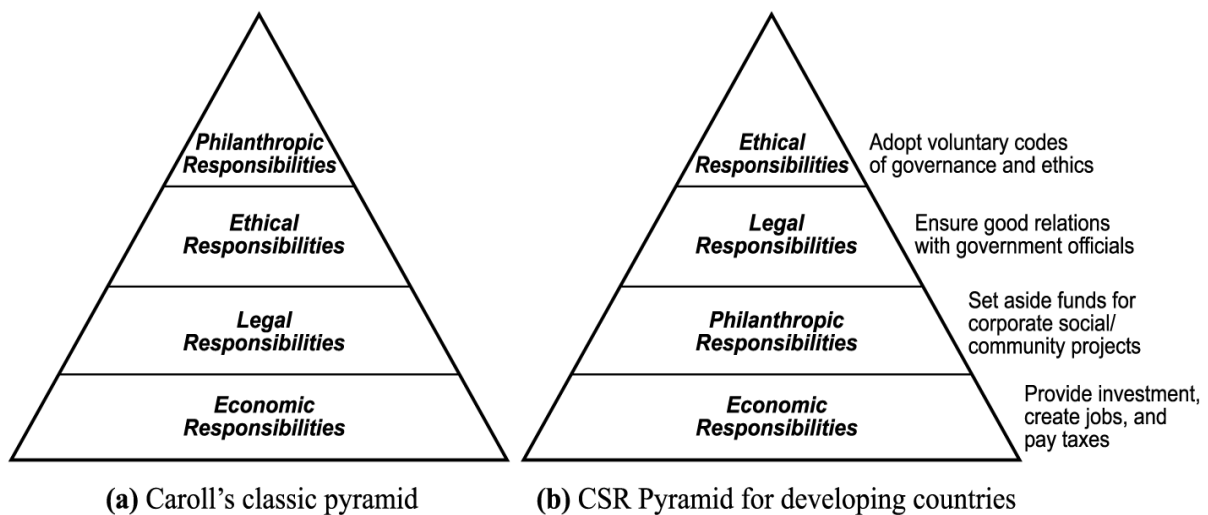
Sources: (a) Caroll (1999); **(b)** Visser (2008)

Figure 7: The classic CSR Pyramid up against the African CSR Pyramid

Views from both Carroll and Visser will be used in chapter 6 when discussing CSR and its evolution in Mozambique.

4 Methodology

In the following, a brief presentation summarizes and justifies the approach applied in the present study.

4.1 Research strategy

In the scientific world, research is generally used to test theories and to provide material for development of new discourses or concepts that later can change into a theory. In social science, emphasis is more on what the researcher observed and his/her understanding of the matter under observations, and less attention is given to theory as such. In either case, there are several issues to take into consideration when preparing a study being it a natural scientific research or a social science research. The preparation can seem overwhelming but as Patton nicely says;

> *There is no rule of thumb that tells a researcher precisely how to focus a study. The extent to which a research question is broad or narrow depends on purpose, the resources available, the time available, and the interests of those involved. In brief, these are not choices between good and bad, but choices among alternatives, all of which have merit. Source: Patton, cited in Mikkelsen, 2008:139.*

An important point of departure for any study regards epistemological considerations. Epistemology assists us in choosing the best research method that will guide the researcher to his/her findings. Two views dominate the literature on epistemology: *positivism* and *interpretivism*. Positivism relates to application of methods of natural sciences study of social reality and beyond (Mikkelsen; 2005). It accepts that there are common patterns and regularities. The aim is to describe a situation using a collection of "hard" information turning it into new knowledge based on the descript information. Interpretivism, also known by the terms such as phenomenology or hermeneutics build on the attempt to grasp the subjective or individual meaning in a social action by collecting "soft" information that can describe and understand a given situation (Bryman, 2008:23; Mikkelsen, 2005). This study draws on interpretivism since we search for a deeper understanding of how CSR is understood and practised in three different cases.

The next step is to reflect on the relations between theory and the research leading one to make decisions such as whether the approach should follow a *deductive* or *inductive* approach. In the former case, a hypothesis is assumed from theory and then tested. Information is collected in relation to the concepts that make up the hypothesis. The findings either confirm or reject the hypothesis using an inductive approach focusing on quantifiable information. In the latter, theory is the outcome of research (Bryman, 2008) following a deductive approach observing and analyzing information. The lines between the two approaches are not always as clear-cut as described above. Bryman argues that, "deductive and inductive strategies are possibly better thought of as tendencies rather than a hard-and-fast distinction" (ibid) supporting some scholars arguing in favour of loosing up on the strong boarders between quantitative and qualitative research strategy.

Choosing the right research strategy that best fits with the research aim and questions is crucial. *Quantitative* and *qualitative* research are the most used forms, but in line with loosening up the strong boarders between the two strategies the use of *mixed-method* has become a more frequently applied method using the synergies between quantitative and qualitative methods (Bryman, 2008; Mikkelsen, 2005) and hereby serve the aim and research questions best.

Hence, *qualitative* research seeks to identify the nature of the realities of their relationships and their dynamic structures. *Quantitative* research on the other hand seeks to determine the strength of association or correlation between variables, generalization and objectivity of the results through a sample. Where quantitative research is more used in natural sciences there are those who claim that qualitative research dominates in development studies (White cited in Mikkelsen, 2005:141).

4.2 Research design

4.2.1 Comparative design

Comparative design studies concerns two or more contrasting cases using, more or less, identical methods in an attempt to reach a better understanding of a social phenomena. In this particular case a comparative design will allow to compare three different approaches to CSR, and to the extent of similarities. One can apply a quantitative as well as a qualitative research approach (Bryman, 2008:58). In this particular case, a qualitative approach was chosen. It seeks 1) to gain a greater awareness and a deeper understanding of how CSR is understood, and 2) to explain similarities and differences between three different CSR approaches to be able to discuss whether there is a one-fit-all approach, but also to discuss which further steps can be taken to bring CSR to the next stage.

The study also has a touch of an explorative research to it. Explorative research is often used for preliminary stages of analysis, or where the topic or issue is new making it difficult to collect information. Its not that CSR is a new phenomena, but an overweight of experiences with CSR are gathered from industrialized countries. With globalization new research has been carried out in emerging countries and more research is also becoming available from developing countries. The initial literature review undertaken showed that information does exists on CSR in Africa (Bertelsmann Stiftung/GTZ, 2007; Katamba, *et all*, 2008), and some information also exist about CSR in Mozambique (KPMG, 2007; GTZ, 2009; Fumo, undated). It is therefore a hope that this study can contribute with updated empirical field studies. When using exploratory research it is important to remember that it often relies on secondary research such as reviewing available literature and/or information. The approach suffers from low validity of results which make exploratory research less useful for decision-making on its own, but nevertheless it can contribute with significant information, according to Patel and Davidson (Patel *et all*, 2003).

4.3 Research process

A normal research process serves as a mean to produce knowledge. It is often seen as linear since there is some logic to the order; brainstorm, problem statement, prepare the research, collect information, analyse and write a conclusion (Harboe, 2001). Bryman on the other hand is adding a loop to the linear process opening for the opportunity that one can go back and collect further information depending on the first interpretation of collected information (Bryman, 2008:372).

Starting to collect information before it is clear what one wants to find out is generally not recommendable, but when we are talking about a more exploratory research approach, it can be necessary to start out and then adjust along with the gathering of more information (Boolsen cited in Mikkelsen, 2005:151; Bryman, 2008). It was also the case in this master thesis where the research questions were adjusted as more knowledge and information was gathered. In some cases, interviewees were re-interviewed to collect supporting information. If one follows a strict linear process one might miss out on relevant information why adding a loop is recommendable.

4.3.1   Literature review

The process started out with what one can call a more intuitive search for interesting literature on the topic CSR and foreign businesses abroad. A vast volume of literature on general CSR is available ranging from descriptions of theories and models over CSR implemented in specific branches such as the mining industry. Most of the material is based on experiences from developed countries, and less on experiences from developing countries at this stage. Use of articles and Blogs about CSR in developing countries as references could add relevant information about the current stage. A systematic approach categorizing literature in main and sub topics was used enabling a more efficient use of information.

4.3.2   Sampling

The next step was to use the right sampling. When carrying out a qualitative research based on qualitative interviews a *purposive sampling* is often the chosen approach (Bryman, 2004:414). Respondents are selected according to their relevance for the topic of study. In this study the *snowball sampling* was applied where contact with interviewees would lead to contacts with other relevant informants. Using *convenience sampling* where an informant was chosen due to his/her availability at the time was also applied. Both approaches are categorized as a *non-probability sampling* approach and it means that one can not generalize to a population.

The following criteria were applied choosing the companies that each represented a different CSR approach:

- basically the companies should be Danish and have operations in Mozambique;
- the company or senior staff should be familiar with CSR, and even better have practical experiences with CSR if not from their present position then from former positions;
- I was looking for cases that represented CSR with an embedded approach, that were linked to the Danish private sector programme - Business-to-Business (B2B), and/or an approach using community investment as main focus; and
- given the time factor, a company with a main office in Maputo was given preferences.

 Three cases were chosen based on the criteria;

1. The first case describes the Danish car distribution company *Kjaer Group Aps* and its Mozambican branch *MotorCare Lda*.
2. The second case describes a B2B project between the Danish company *Dam Graphic* and its Mozambican partner *Tipografia Globo Lda*.
3. The third case describes an Irish mining company *Kenmare Resources plc* that in 2010 won two CSR awards due to their impressive activities in Mozambique.

When it came to collecting data it was important to gather information from staff that a) knew the historical background of the company, and b) was directly involved in designing and implementing policies, strategies and activity plans. It was also relevant to talk to a representative of the employees to assure that both sides of the table were given the opportunity to express their thoughts on the matter. Thus, interviewees were chosen using purposive sampling among the senior management staff including owners, managing directors, executive officers, financial officers, human resources managers, marketing managers. To represent the side of the employed employee representative(s) were interviewed.

In qualitative research bias in respondents behaviour or answers can never completely be avoided. In this case the interviewees were naturally all placed in relatively high positions in the respective companies. I am aware that there is a risk of these interviewees being biased in their answers and views in the way the company implements policies on CSR issues that they themselves most likely have participated in designing. However, these informants are also those who are most knowledgeable on the company policies on this specific matter.

Secondly, to enter a more general discussion about CSR and its challenges and opportunities seen by external key actors in both Denmark and Mozambique a mix of purposive, convenience and snowball sampling was applied to sample key interviewees. The internet and newspaper articles were some of the key tools in the search of the first interviewees. The sample list includes interviewees representing the government, institutions, and consultancies. It was more challenging to find informants from relevant ministries or departments working with CSR. A full list of interviewees is shown in appendix 3.

4.3.3   Reliability, replication and validity in qualitative research

Whether it is a quantitative or qualitative research, what is most important is whether the research is reliable, replicative and valid.

Reliability relates to the collected information and its trustworthiness. In a quantitative research study, the main concern is whether a measure is stable or not. If a measure is not stable, it should be considered as an unreliable measure according to Bryman (2008:31). A stability test can be used to test how stable the collected information is. Can it be used to generalize or does the information collected give more of a snapshot of a situation?

In qualitative research, reliability is better seen in the light of the unique interview situation. It becomes more important to *capture what one can explain as a uniqueness of an actual situation* as opposed to a quantitative research where the importance would be placed on the likelihood of collecting the same answers each time. In a qualitative research study like the present one it would be necessary to use another approach to test whether the information is reliable or not. Lincoln and Guba (sited in Bryman, 2008) propose the criterion dependability as a parallel to reliability and suggest that researchers adopt what they call an "*auditing approach*" (Bryman, 2008:378). The "auditing approach" requires that the researcher keeps a complete record of all phases of the research process allowing a third party to go through the information and test whether the findings are similar. Chances of this are higher if the researchers have the same professional background. In this particular case, reliability as such is difficult to secure since the information is collected mainly on a non-probability sampling making it less useful for generalizing findings. On the other hand, as Eneroth argues (Eneroth, 1984), by ensuring that the process is well documented combined with the fact that part of the information is of secondary nature, describing, the current context of CSR in Mozambique, a certain consistancy of the results should be possible to establish.

Replication can become necessary if a researcher finds that the original results do not match other evidence that is found relevant to the topic. For this to happen it is important that the researcher is very accurate and describes in details the procedures for the first research to allow a replication of the study (Bryman, 2008:32). Even though a researcher has been very accurate describing the procedure does not mean that one can expect to collect the same information. Interviewing the same participants can bring forward new knowledge and experience gained since the first research was carried out. It therefore becomes difficult to replicate qualitative research.

In this case a record has been kept, although it should be added that it has been very challenging to keep track record through the whole period which supports those who argue that carrying out a repeatable qualitative research is very challenging. Future research including quantitative tools such as a web-survey could shed light on whether the information gathered can be generalized or not.

Validity, or one could also say the relevance, covers whether a study in all its phases relates to the problem statement one way or the other. In other words, does the study give us answers to our problem statement? Does an acceptable relation exist between the conclusions and the problem statement? And have answers been found to the research question raised in the research?

4.3.4 Work plan and information collection methods

Collecting information

Information collection took place in several phases. First phase was exploring and collecting information on how CSR is understood in Mozambique. During two visits that took place between December 7 – 17, 2009 and February 4 - March 3, 2010 informants were interviewed in Maputo. Second phase was carried out in Denmark during January 3- February 3, 2010 and included interviews with representatives of Danida, government institutions and consultancy companies with expertise within the field of CSR and businesses abroad. Third phase took place in Maputo during February 4 - March 3, 2010 and was dedicated to collecting empirical information from the three cases.

Document review

To support empirical findings secondary data in the form of recent research, annual CSR reports, business strategies, letters, memoranda, newspaper articles and the like have been used.

An initial concern about whether the Mozambican companies would allow access to data proved wrong. It was possible to gain access to annual reports, policy papers and most other documentation of relevance to the study.

Open and semi-structured interviews

Qualitative interviews have been the main method of gathering information. Twenty-five interviews were carried out. The interviews were of an open and semi-structured character. Elaborating an interview guide with questions that varied in the range of: probing, specifying and direct was used ensuring that all areas were covered during the interview. Some flexibility was allowed to ensure that the interviews could allow for novel or unexpected themes (Bryman, 2008). This meant that not all questions were posed to all interviewees.

The interviews were carried out mainly face-to-face, and lasted about one hour. It was necessary to include telephone interviews due to distances. Telephone interviews have some limitations related to 1) access to a telephone, 2) less appropriate for long interviews, and 3) it is not possible to observe body language it is still an acceptable method (Bryman, 2008:457). The given limitations have been taken into account during the analysing of empirical information.

Observation of the physical environment

To support findings from the qualitative interviews a "scan" of the physical environment was carried out. I find it very useful to support the interviews with observations. It allows the researcher to get a first hand impression of whether the company for instant "walks the talk" or not? A scheme was prepared and included headlines such as General environment (atmosphere, decoration, and cleanliness); Conditions for workers (toilet + showers, cantina, changing room, work clothes); Environment (noise, smell, climate, garbage system, sewage system) and access to information (direction on use close to the machines, access to manuals, event calendar, posters, and condoms).

Focus groups and online network

Using focus groups is a mixture between a qualitative method and observation where a smaller group of about 5-8 people are presented with e.g. a photo, video clip or written statement where after a discussion on the issue starts. Observations during the discussion are written down (Henriksen *et al*, 2007; Bryman, 2008). It can be a useful tool when collecting opinions on new issues such as how CSR is understood in a country like Mozambique that is in its initial CSR phase.

The original intention was to make use of two focus groups; one for key actors implementing and giving service about CSR in Mozambique, and one for SME Danish companies operating in Mozambique. However, during the data collection it became obvious that now was not the best time to carry out focus group discussions. There had been two seminars in Maputo about CSR in December alone, and the senior managers explained that their time to participate in events like that was very limited. It was therefore decided to take the focus groups out.

Instead online social networks relating to CSR such as LinkedIn was used. It was surprising to see how members were willing to respond to questions and enter into interesting discussions such as dialogues with coordinators from UN Global Compact on how one can bring new life to the national Global Compact network in Mozambique, or discussions with CEOs about whether complying with national law can be seen as CSR or whether a company will have to go beyond national law.

Recording and transcription

A large amount of information emerged from the information collecting process. Transcribing the information turned out to be a very time-consuming process. A one hour interview could take between 4 to 7 hours to transcribe depending on e.g. the recording quality, theme, and relevance of information to the aim. It was necessary to do quite some editing so that only the information pertinent to answering the specific research questions and research objectives has been analysed. It has been a challenging process.

To avoid mistakes or misunderstandings it was necessary to carry out all the transcribing personally. The positive aspect was that it gave a very deep understanding of the respondents' views on the matter. It was further decided to transcript the whole interview not leaving out anything to avoid misinterpretations. The process ended up with +100 pages. In future studies the actual risk of making mistakes or misunderstanding information will be balanced against time consumption.

4.3.5 Interpretation of information

In contrast to quantitative research where figures and statistics make up the information, then information in a qualitative research study consists of what is actually said in the interview. In an attempt to organise thoughts and ideas during the research period Mindmapping was used. By first visualising thoughts, ideas emerged and the first interpretation appeared. At a later stage, coding was added trying to organise information. Mikkelsen (2005:181) summarizes coding into four categories:

1. Recognizing patterns in the information;
2. Thinking in terms of systems and concepts;
3. Having tacit knowledge or in-depth background knowledge; and
4. Possessing relevant information.

The four abilities have been the base during coding. In the process it became clear that it would serve the interpretation if some of the "soft" information could be quantified by looking at common 'arguments', 'attitudes', 'issues' or alike. It turned out to be more challenging than first expected.

4.3.6 Ethical considerations

According to Bryman (2008), the main areas of ethical concern relate to harm to participants; lack of informed consent; invasion of privacy; and deception. Patton (cited in Mikkelsen, 2005:342) suggests that for a researcher to avoid harm one need to think through ethical issues in design, information collection, and analysis. He gives ten principles: explaining purpose; promises and reciprocity; risk assessment; confidentiality; informed content; data access and ownership; interviewer need for debriefing; confidant and advisor; data collection boundaries; and ethical versus legal. Mikkelsen adds another ethical issue: permission to undertake research. Prior to the interviews, contact had been established with the majority of the interviewees explaining the purpose of the inquiry and methods to be used. It was also agreed that the participating companies were to receive a copy of the final report.

To avoid harm all interviewees were furthermore asked if they felt confident that the interview would be recorded. They all agreed, and it has been a personal quest that information given has been treated with discretion to avoid harm to participants.

4.3.7 Limitations in connection with the thesis

It has not been the purpose of this study to examine how Danida's B2B programme is adapted to a Mozambican context or whether the model has failed or succeeded in Mozambique, but only to understand how Dam Graphic and Tipografia Globo Lda have chosen to respond to the mandatory criterion on CSR in the application.

The official language in Mozambique is Portuguese. I speak and write Portuguese but all the same, there will be a risk of errors in transcribing the interview recordings from Portuguese to English. There are also risks of misunderstandings or misinterpretations doing the transcribing process. Lastly, operating in Mozambique can be challenging at times. Things often take longer than expected and, accordingly, the original timetable could not be kept.

5 Empirical findings

This chapter describes the empirical findings from the field study in Mozambique. The chapter is divided in sections that relate to the three cases. Each section is divided into sub sections that will guide the reader through. A short summary will follow after the presentation of findings.

5.1 1. Case study – Kjaer Group and branch office in Mozambique

5.2 Introduction to the case

The first case will explore and learn from a company that preaches that it is possible to make profit with a purpose. The interviews were partial carried out at the main office in Svendborg, Denmark, and at their sales and distribution office in Maputo, Mozambique.

The office in Mozambique opened in 1996 and was the first of their sales and distribution offices on the continent. Up to 2008 the company operated via the main office in Maputo, but a new strategy was lined up aiming at providing after sale and spare parts to clients close to where they operated. It meant that the company needed to opened new units in some of the provinces. In 2008 the first unit was opened in Beira, and the following year the office in Nampula opened. During 2010 they will further open a unit in Tete.

Kjaer himself owns 78% of the company, but since 1998 employees have been able to buy their own share in the company. Almost every fourth of the employees are shareholders today (HR manager, interview). An employee can buy down to 1/10 of a share allowing all staff to benefit of the initiative (Logistic manager, interview). The company is convinced that an employee that owns a share would feel that they work for themselves (ICEP and CODESPA, 2008). In Denmark the opportunity is very popular while the employees in Mozambique are holding back.

5.2.1 CSR and how it is understood in the company

Defining their CSR approach:

The commitment to CSR goes back to the 1980´s when the former director, now chairman, started to work in the company. Since his childhood he has been exposed to Africa and was aware of that living in poor conditions was the everyday for a large group of the population. Soon after he started working it became a mission to make *"profit, but with a purpose"*. He believes that it was possible to make a profit while working for making the world a better place to live in (ICEP and CODESPA, 2008; Kjaer Group, online). The concept *"Love Life, Love People and Love Cars"* was introduced and is still a strong pillar in the organisation, and its new strategy. As the HR manager puts it *"we don't believe that we can exist in these (developing countries) areas without bringing with us the social element. It is part of our everyday life"* (interview).

The company defines their CSR approach as;

> *"[…] balance financial results with social and environmental responsibility". Source: HSE policy, 2010*

The definition can best be compared to the Triple Bottom Line approach where a company besides reporting on conventional financial data incorporate social and environmental performance measures.

Main drivers:

One of the main drivers is Kjaer himself. The chairman is known for his commitment and dedication to social responsibility. He is what the HR manager calls *"an entrepreneur type"* (interview). Besides the variety of innovative initiatives in the company, the chairman has also taken several personal initiatives working for poverty reduction such as raising awareness of the MDGs by participating in the East African Safari Rally in 2005 having written on the car "2015 Make Poverty History: www.rallywithpurpose.com". He is also the founder of the investment platform called MYC4 supporting development projects in developing countries.

The company is not hiding that they need to make a profit, but at the same time *"why not have fun doing it"* (Chairman, in Knudsen, 2005). Employee engagement is seen as an important driver for implementing CSR with success. The chairman is saying *"[….] when first you have fun together, then you have the platform making it much easier to accept new challenges and do something new and different"* (Chairman, in Knudsen 2005) such as looking beyond pure profit making.

The company claims that their approach have given them many benefits such as *"a good reputation, competitive advantage, and motivated employees"* due to their social responsible position. *"Its all about common sense"* as the HR manager concludes.

Roles when doing business in developing countries:

Kjaer Group is very much aware of their role making business in developing countries. The chairman puts its "*[….] simply by acting with awareness of being part of a bigger thing"* every company can contribute to development (ICEP and CODESPA, 2008). The General Manager in Mozambique is saying that *"Kjaer Group has always been Frontrunners"* and that was also what inspired him when applying for the position (interview). The General Manager explains that he keeps himself updated on CSR, and whenever possible, he takes part in workshops and conferences about CSR. The last one in October 2009 was hosted by the Norwegian Embassy and he found it very interesting to hear about *"[…] what CSR means to the bigger companies"*. As he explains CSR is not necessarily the same for a SME such as MotorCare. He believes that the perception and how it is implemented differ (interview). *"They have tax benefits, and they have more money to spend on the matter. We have to take from our profit and spend it on CSR. We already pay taxes to the government"*. The HR manager explains that *"[….] it is important that we built healthy and sustainable companies that can create jobs"*. The company began with 5 employees. Today they employ around 80, and with the new branches in the provinces they expect to grow to more than 100 employees (Logistic manager; Administrative manager, interviews) creating an income for many families.

The company also highlight the *"importance of educating the staff"* (HR manager, interview). The After sales service manager has set up a comprehensive training programme that today *"makes our technician and auto electrician among the best in Mozambique"*.

The company is also acting as catalysers. The example with Un Global Compact was given. They were among *"the first to sign up to UN Global Compact in 2003"* reinforcing what they already did. They even go further by *"encouraging their suppliers to join the GC too"* (ICEP and CODESPA, 2008; HR manager, interview).

5.2.2 Applying CSR

Policy and strategy

Up to recently CSR has been implemented in a more disconnected way. By that the HR manager means that they *often took decisions based on their 'gut feeling' which to a certain point have confused both clients as well as employees"* (HR manager, interview). The company decided to make some changes that would fulfil the need for more structure and would serve the companies day-to-day work. The work initiated in 2009, and resulted in a Health, Safety and Environment policy. The policy was sent out in the beginning of 2010, and will be introduced at the coming annual seminars. The process has so far been managed from the head office in Denmark. Input from General Managers from each country was expressed through the CEO. The plan has been presented and approved by the board (HR manager, interview).

During 2010 all branches abroad will be invited to bring forward local legislation, regulations, policies or strategies on issues such as safety on workplaces, HIV/AIDS, and salary system that might be useful when implementing the strategy plan. The HR manager expresses that *"[…] we don't wonna' come with a fixed guideline. We would like each and one of the countries to contribute with material from their local settings"* being able to evaluate and use what suit the company as a whole unit. *"In the beginning the aim is that all offices meet compliance on national level"*. When all information is gathered and analysed the company will take the right measures and look to the international conventions and their norms.

In Mozambique the General Manager mentioned that they first and foremost would arrange a meeting where the policy will be explained followed by discussions about how it will affect the office. A common understanding is important, and as the Administrative manager explains then *"the employees need to understand the 'why's' and the effects of the new policy. Next, we gonna' ask some of them to participate in the adaptation phase. If the management is in the front seat then the workers takes it more than a command instead of a participatory process, so we will let the dialogue be among the employees to get a more open and direct dialogue"*.

The company has already a set of policies in place that relate to CSR such as:

HIV/AIDS policy

HIV/AIDS is an important issue for a company operating in Africa. In the case of Kjaer Group more than 90% of their employees are coming from African countries, and there is a high risk that the employee in some way is victim to the illness. It can be that they are infected themselves, or a family member, neighbour or colleague can be infected. Either way it's an illness that affects a company in various ways. The company in cooperation with Danida and the AIDS-Fondet carried out a pilot project a few years back – Humour against HIV/Aids campaign. The project was based on training and awareness-raising in all their branches. It resulted in a HIV/AIDS company policy (HR manager, interview). She mentions that *"[…] the company have taken an active role saying that it might be that an employee is living with HIV/AIDS, but it does not mean that the person cannot work.* What is important is the performance not whether an employee is living with HIV/AIDS, diabetes or other illnesses. Actions like that can fight back stigmatation that is a very well-known effect of HIV/AIDS.

Zero-corruption tolerance policy

Corruption has a strong culture in many African countries, and Mozambique is no difference. One of the ways that the company is dealing with it is through their Zero-corruption tolerance policy. Although not written down, it is still a used "instrument". All staff contracts include a paragraph explaining that the employee is not allowed to bribe, or receive bribery. *"We are very proud of being capable of saying that we do not bribe"* (Logistical manager, interview). On the other hand *"we have lost clients on that account"*. One should believe though that it would be an asset for a company to be known as transparent and working against corruption, but when asking whether they have gained new costumer on that account the answer was *"No, having a zero-corruption tolerance policy do not have the same branding effect as in contrast to HIV/Aids issues. It is much more branding friendly"* (General Manager, interview).

The following story gives some more insight about how the company is meeting corruption in their day-to-day work: *"We had a team that went out with the traffic police giving advice to drivers about the importance of maintaining their cars. When they came up to the cars they had pulled in, some of the drivers had already taken out some money and placed it in the cars documentation paper thinking that we were the traffic police expecting that he could bribe. Our colleague had to tell the driver that he could keep his money, and that they were here to assist him how to take better care of his car. What an irony* (Logistic manager, interview). On the other hand it gives a very real picture of how bribery is part of everyday life in Mozambique.

Country specific considerations

While working with the policy and strategy the company has expressed that it is important to gather necessary information concerning legislation, regulations, conventions and the like assuring that the final product will represent a good frame for future operation. The HR manager gave an example why it is important to take into consideration variations from country to country. *"In both Denmark and Mozambique salary is important to the employee, but where the employee in Africa will put more attention to what he has in his hand by the end of the month, then an employee in Denmark might show more attention to what kind of company benefits his salary include"*. Having access to a gym in Mozambique will most likely not be appreciated in the same way as in Denmark if your house is falling down after the last rain, or you cannot afford to send your children to school.

The Logistical manager described another example related to Christmas where all employees receive some kind of appreciation. *"One Christmas MotorCare received Samsonite suitcases from Denmark to distribute to the employees. For me it was great, but I know for a fact that two of these suitcases are sitting in the backyard as chicken cages. So we had to tell them, hi guys don't send us this kind of gifts"*. As the Logistical manager often returned to, *"this is Africa, what works in Denmark does not necessarily work here"*.

When asked whether they otherwise felt that they were part of a Danish company all interviewees expressed that they new that they were part of a Danish company, and as the Administrative manager explains it has to do *"[…] with certain ways of doing things. Due to certain philosophies"*. As an example he gives *"the way that the environmental issue is being handled"*, but also *"the interaction with local communities and just the whole thought about acting social responsible. These thoughts are from Denmark, or at least from Europe. I might not be Danish, and I don't live in Denmark, but there are things that I cannot practice anymore since I work with a Danish company"*.

Structuring CSR in the organisation

The company does not have a CSR department or a CSR position. There is no CSR budget allocated. *"Initiatives related to CSR are on the other hand integrated to the core business plan"* making it part of every day activities (Head of HR, interview) and keeps repeating that *"for us it is common sense"*. The picture is the same in the branch office in Mozambique where activities related to CSR also figure as integrated in the day-to-day management (Logistic Manager, interview). In the organisational diagram there are nothing mentioned about CSR titles, departments or activities.

5.2.3   Areas of intervention

The company will during the next years move beyond their philanthropic approach towards a more strategic focus on their workforce and environment bringing the company and their branches up to date with local legal responsibilities. For this reason, the interviews have mostly been directed to gather information within workforce, environment and philanthropy.

Workforce:

Freedom of association: The trade union has visited the company. The meeting was soon over the logistical manager explained. *"The employees had apparently told them that they had very good conditions here, and that they didn't need there assistance"* (Logistical manager, interview).

Salary: Concerning salary the politic is that no one should receive only the minimum salary of MT 2.300. The lowest salary at MotorCare is 50% higher. It places the salary in line with what the Danish trade union 3F describes as a *Life salary*. With a life salary a family of 5 members is expected to have a decent life. A technician with senior experiences can gain up to MT 10.000 (After sales service manager, interview). The employee representative explained that he personally experienced a raise in his salary when he started working for MotorCare. The last employee survey shows that 70 out of 80 respondents would like to see a raise in salary (General Manager, interview). As the employee representative comments with a smile *"more will always have more"*.

Training and career opportunities: When completed 12 month of work the employees can be enrolled in the training programme. The training programme is mainly of technical character, but the company also encourages their employees to learn English. The reason for that is twofold. *"The company language is officially English and second the user manuals are often in English"* (Logistic manager; Employee representative, interviews). To therefore allows the employee to participate and act in accordance to guidelines.

The company does also emphasis career planning, and in 2005 the training needs in MotorCare were revisited. The After sales service manager has set up a comprehensive training programme that today *"makes our technician and auto electrician among the best in Mozambique"*. The assessment also showed that two of the colleagues could not read or write. An agreement with a primary school teacher was arranged and the two colleagues were given training every morning for an hour and a half. By the end of the year both colleagues were able to read and write as well as do some maths (Logistic manager, interview). Employees can also apply to study abroad and gain new knowledge in their field preparing them to grow within the company.

As the Logistical manager expressed it *"the employees know that they can grow here. Sells managers have traditionally been Danish, but today we have only Mozambicans"* The examples gives reason to believe that there is room for all groups to grow within the organisation.

The last employee survey carried out in Mozambique showed that the employees are very happy working for MotorCare. The employee representative supports the findings by adding *"The company is a calibre A when it comes to employee conditions and as such a comparison with other workshops would not be fare"*. And he continues *"You feel that the company is willing to invest in you"*. The statistics concerning turnover tells that there is more about it than just talk. There is practically no turnover (Logistic manager, interview).

Environment:

Compliance with legal responsibilities: The Ministry of Coordination of Environmental Affairs (MICOA) visit the company every 2nd or 3rd year. *"So far, they have been satisfied with the environmental conditions"* (Administrative manager, interview). The Administrative manager mentions that they don't have any written statement from the ministry related to their visits. As he says *"there is no tradition in writing reports being it health, workers or environmental issues. We only receive a letter if there are things we need to improve"*.

With the latest HSE policy the company and its branches abroad is searching to mainstream their efforts on health, safety and environment. The General Manager explains that *"in my case, it is easier to work with staff related issues because I have a saying there, while when it comes to environmental issues I can make some decisions, but in the end I have less influence on the matter"*. With that he means that the company might set high standards on how to discharge sewage, but if the public sewage systems runs directly out in Maputo bay without any prior treatment he cannot fulfil the vision. The General Manager gives an example focusing on an environmental dilemma that is out of his hands. *"In our new HSE policy it is written that I have to operate with the lowest possible impact on the environment. One of our main products is oil waste from the workshops. I can teach my employees to treat and store it safely at our base, but we have difficulties in finding a proper transporter that can collect and make sure that the waste oil is transported to a safe and indicated disposal by the authorities. Mozambique does not have a treatment centre for oil and chemicals and it leaves us with very few options to act in a responsible way. It's out of my hands, and it is not satisfying. It's like a missing link"*.

He continues saying that *"I can not make the changes alone"*. In the case of oil and chemical waste it will be necessary to continue to educate the employees about how chemicals should be stored and that they are not allowed to let the used oil products run directly to the sewage system. It is important that *"until we find a better solution we most store the waste. The same goes for tires, oil filters, batteries, and paint"*.

Another environmental issue is sewage from the car washing area. The water contains wax and soap. Before it goes out to the public sewage system it passes by a sedimentation chamber that holds back particles. Once in a while the sand is replaced. All used oil is running in a closed system going out to an outdoor tank. The tank had recently had a leak, and oil ran out. To prevent another oil spill to the ground the company has constructed a reservoir so that in case of accident the spill oil will stay inside the reservoir (After sales manager, interview). Paper and carton is sent for recycling.

Occupational health: The General Manager emphasis the importance of occupational safety and explains that it must be up to date. *"Floors must be to the standard. There must not lay tools around without protection".* The company started training on health and safety matters years back and it is visible that the employees have adopted the norms. The benefit of having order is also that employees do not use too much time searching for the right tool if it is in its right place. Time is money, and time spent on looking for tools causes that a client will have to wait longer for his/hers car.

Promotion of greener products on the marked: The company can provide clients with new and more environmental friendly motorbikes, but when asked whether clients such as embassies, international institutions or NGOs are expressing interest in those new models, the HR manager mentioned that *"the sales department is surprised that no one is demanding such product"* (interview). When this is said the General Manager adds that due to the type of available petrol in Mozambique it is not possible to sell some of the more environmental friendly cars such as EURO 1, 2, 3, and 4. It only opens for sales that can live up to EURO 5 standards. It is interesting that there is so little interest among the clients. Having clients that implements programmes and projects related to environment, sustainable use of natural resources, or climate adaptation it would have seemed natural that they also shows an interest in the new products available on the market.

The company has also discussed the opportunity to provide electric cars. The first data showed that there is a need for more stable infrastructures before this can be a reality in developing countries where electricity still is scare in rural areas, and even in the capital and bigger cities the net is not stable.

Kjaer Group noticed that their bigger clients tend not to manage their fleet. One thing is that they lost an income on that account, but it also means that there are many old and unsafe cars on the roads polluting the environment. A campaign was therefore designed that addressed the problem. The company was a success, and is an example of how the company combined business with improving road safety and environment. It goes back to the motto "make profit but with a purpose.

Social investment in employees and their families:

LIFE club: At the moment the company provide the following employee benefits: a LIFE club that runs a micro credit system and a petty cash for employees; shares down to 1/10 in the company; micro-credit system administrated by the employees; free transport to central pick and drop off locations; a doctor comes in twice a week; house visit by the doctor giving advice and raise awareness on sanitation and hygiene; payment if need of hospitalizing; financial support related to funerals; one weekly lunch on the cost of the company; and paying for tuition fee for those who like to study at a university.

The LIFE club is one of the most valued initiatives. The initiative started as a social club in Denmark where employees could use a gym, play billiard or have a social event. The idea was later introduced to some of the branches abroad. The Logistical manager explains that the LIFE club has been around in Mozambique since 2003-2005. So far the employees use the micro credit system to fund cost on housing, buy land, and furniture improving their livelihood. A committee was established, and they received US$12.000 from Kjaer Group in Denmark. There were no strings to how they wanted to use the fund. They could throw a big party or make the money work for them. In Mozambique the *"employees decided to open a micro-credit system"* (Logistic manager, interview).

In Mozambique the official interest on bank loans can be as high as 24%. The decision to set the interest rate to 15% is therefore seen by the employees as a significant support.

Before an employee can benefit from the funds he/she has to complete 12 month of work. One can apply for 1/3 of your salary and you have to pay the credit back within 12 month". There is a built-in incentive. If you can pay the loan back before the scheduled time, you benefit of a lower interest. The employee representative expressed content about the LIFE club and said that there is a very high return rate among colleagues. The Logistical manager mentions that *"the return rate is as high as 99.97%"*.

Its popularity is shown in long waiting list. *"It can take up to 5 month to be granted a loan. Before, it didn't take longer than 3 month "(Logistical manager, interview).* With the expansion of the company out in the provinces the staff in Maputo will have to share the available funds with new staff in Beira and Nampula. When the branch in Tete opens in 2010 even more colleagues will be able to benefit from 2011. The situation is becoming worrisome since the system has not followed the expansion of staff.

In case of an emergency an employee can ask for an advance pay from the petty cash. If this is the case the employee will have to pay the amount back by next payment day. The logistic manager explains that there is also an amount of at least MT 10.000 available for funerals.

Transport: The employees are satisfied with the free transport, but as the employee representative expressed *"not all employees that benefit of the transport agreement"*. In his case, the bus doesn't reach his zone. To get to work he needs to take three different busses. They each cost MT 5. It would mean that the employee will have to spend MT 30 for transport or MT 600 on a monthly basis. In this particularly case it correspond a little les than 10% of his salary.

Health service: The doctor make house to house visits advising the whole household about ways to improve hygiene and sanitation. The house to house visits are combined with training for the staff about illnesses such as HIV/Aids, cholera or the H1N1 flue. Both initiatives should be seen as a mean to reduce risk of contamination and to minimize sick days (Logistical manager, interview).

In general: The physical environment is very welcoming. The surroundings were tidy with a newly arranged outdoor lunch area. The kitchen is equipped with micro oven, oven, freeze, electric kettle and more making it easy for the employees to heat up and store their food. There is a billiard table and a notice board in the room. Every Thursday the employees are served a meal by the company. The common social event is used to share information. The toilets, showers and dressing rooms were very clean, and will be updated to meet the actual needs with an increasing staff.

Philanthropy:

The company has entered partnerships with UNICEF allowing the organisation that they free of charge can use their storage facilities at their branch offices in case of need. Meaning that MotorCare will provide space if a situation occurs in Mozambique.

Another example is the Road safety program where the company in cooperation with the Fleet Forum and the traffic police in Mozambique raised awareness about road related accidents caused by driver's error. The campaign improved the image of the traffic police, and the company was seen as a transparent and appreciated partner (GM, interview).

5.2.4 Main challenges

Documenting their performance

One of the biggest challenges the company is facing is related to how the company can quantify their work. The new strategy takes its departure in UNs Global Compact principles, international standards, and legislation (HR manager, interview). *"We are a sales operation and it means that we are good in selling, but we are not necessarily as good in documentation. We trust our employees, but we are also growing, and it becomes more complicated to continue having the overview of what is happening in our company"* (HR manager, interview).

During the visit at MotorCare the above concern was supported. The company can currently not provide data on e.g. how many litres of spill oil, batteries, and oil filter they have sent for destruction (Administrative manager, interview). Nor can they provide data on their water and energy consumption (General Manager, interview). Meaning that they cannot compare one year to another making it difficult to argue whether they e.g. have improve their environmental behaviour. The company can furthermore not document how many employees have benefitted of a mosquito net or have had a visit by the doctor at their house giving consultations on e.g. hygiene and sanitation.

As a member of GC the company is obliged to write their annually Communication On Progress report (COP). It used to each branch office that wrote their own COP. The HR manager explained that *"the branch offices have had difficulties in writing the COPs and meeting deadlines"* (interview) and it means that since 2009 the head office has collected all information and written one report. She also mentions that the company *"encourage their suppliers to sign up to the principles too"*.

5.3   2. Case study – a B2B partnership between Dam Graphic and Typografia Globo

Introduction to the case

In this particularly case CSR is build into the Danish Business to Business Programme (B2B) and will touch upon inclusive business practices.

Tipografia Globo Lda (TG) was first introduced to private sector programmes in 2000 where the company participated in the Enterprise Development Project (PoDE) implemented by the World Bank. The result was a report with recommendation on training, product development, occupational health and environment. TG was insolvent then, and they didn't have resources to follow up on the recommendations on their own. Therefore, the World Bank acted as a middle man promoting the company as a company with a professional administration that due to the collapse of the Mozambican economy at time experienced a drop in contracts.

The Danish Embassy took contact to TG and a Danish company Dam Graphic (DG). The first meetings was organised in 2003 resulting in the first B2B project elaborated for a 3 year period covering 2003 – 2007. During the period the company went under a transformation. *"The building was in ruins, and the printing machines were very old, and some outdated"* (Owner DG, interview). A photo in the reception keeps reminding the employees about where they where and how far they have reached today. In 2009 Danida took contact to DG again suggesting that the two companies entered a second phase together. The second phase will build a new label fabric and introduce two new products to the portfolio; *printing of school books* in cooperation with the Ministry of Education and Culture, and *taping drinking water on bottle* with added minerals or nutrients.

5.3.1 CSR and how it is understood in the partnership:

Defining their CSR approach:

The two partners have not had many discussions related to CSR or how they would approach it in their common project. As the Danish partner expressed it then to him doing business is about making a sound business. *"It is common sense"* and adds that *"CSR is very populistic"*. He does not need a frame to address such issues. The Mozambican partner was first introduced to the concept via the B2B programme.

During the interviews it was revealed that the partners saw CSR related to 1) *"improve working conditions and employee benefits"* and *2) "use the opportunity when developing new products that can combine making a profit and contribute to improve health conditions for especially children at the same time"* (owner DG, owner TG, interviews).

Main drivers:

The main driver can be narrowed down to " [...] *a mandatory criteria in the B2B programme"* (Co-owner, interview) meaning that the two partners will have to explain how activities such as *HIV/AIDS awareness; Equal employment opportunities for women and men; Human rights in the business sector; and Business practice (combating corruption)* will be included. The co-owner (TG, interview) explains that *"it is a good approach to include it in the business programmes (B2B). In the beginning it might be seen as an annoying element, but that is because we might not really know what is expected"*.

Danish partner emphasised that *"I am here to make a business together with my Mozambican partner. I am here to employ a lot of people and employ them under better conditions than ever before* which indicate a management engagement.

Currently TG does not meet demands from their clients regarding labelling such as ISO 14001 (Environmental Management), ISO 9000 (Quality management) or SA8000 (Occupational health and safety management). Nor do their clients request that they sign up to UN Global Compact. The Danish partner commented on GC that *" I cannot also be expected to engage in issues such as UN Global Compact. What is important is that we make a difference"*.

Roles when doing business in developing country:

The Danish partner expresses his role to be *"[...] a hard core businessman"*. When they met in 2003 TG was down to 10-15 employees. Today the owner proudly explains that they have about 120 employees and added that when the Danish partner entered in 2003 *"the company had an income of US$ 250 million but our expenditures were around US$ 300 million. The second year our income raised from US$ 250 to US$ 500 million. We suddenly met dead lines and we gained more credibility among our clients. The third year we reached around US$ 700 million, and last year I can proudly say that we reached around US$ 2 billion "*(Owner DG, interview). The Danish partner also believes that with proper management skills much can be reached and as he said *"[...] we Danish people are quite good in making plans. It is based on our cultural history where we had to plan our harvest due to the changes in the seasons"*. By that he argues that we have managed to include this aspect into our modern work life. One could argue that the Mozambicans should possess the same qualities since the majority of the population is employed in the agriculture business.

Another role is to be a *change agent* transferring knowledge and behaviour change to his local partner. *"We will try to make a fabric that can be a role model"* where the conditions at no time will be lower than the Danish regulations on occupational health and environmental issues. *"Just by doing that we can argue that we go beyond national law in Mozambique"*.

The partner also fills the role as an *entrepreneur* looking for new and innovative product development as the safe drinking water project. The bottle project is targeted at international humanitarian NGOs and agencies such as Red Cross and WHO as clients. *"WHO estimate that 90% of the children walks around with parasites in their kidneys because they are exposed to drink suffice water"* (Owner DG, interview). The idea is to make safe drinking water available and even add minerals or nutrition's to the water. The water will also be sold via normal distributor net. He further explains that the bottles are designed using environmental friendly technology that will reduce use of PVC with up to 50% *"which have an environmental positive impact, but again the drive is that we as a company will save money on raw material"*.

5.3.2 Applying CSR

Policies and strategies

There is none of the two partners that have a CSR strategy.

Country specific considerations

The Mozambican partner addressed one of the more sensitive issues – corruption. As he mentioned corruption does appear in the business, and with very tight links to poverty it is not that easy to fight alone. There is not a culture of cooperating or sharing ideas how to fight issues such as corruption within the graphic industry in Mozambique. The Mozambican partner would therefore welcome if the Graphic Association of Denmark could support with designing and implementing *"an ethical policy that will improve the business environment"* (Owner DG, interview).

Structuring CSR in the organisation

Currently CSR is not thought of a as a qualification or an in-house competence as such CSR is not included in the organisational structure, but merely acted on when it is found relevant.

5.3.3 Areas of intervention during 2003 - 2007

It has been said that CSR is one of four mandatory criterions when applying for a B2B programme. During the interviews it became clear that the two partners have focused more on the business related criterion than on the criteria related to CSR. Although, when presenting the findings below one will see that interventions taken during the first partnership in 2003 – 2007 in fact do relate to CSR. At the same time the interviews also showed that many of the former initiatives has stopped again, but many will be reinforced in the near future if the next B2B project if approved by Danida. Since the second phase has more elements of CSR and gives an insight into how the two partners together can see that CSR can become a more integrated part of their way of doing business it was decided to address future areas of intervention too.

Workforce

Salary: The salaries are based on a scale. A servant is paid minimum salary, but a technician is paid minimum MT 4.000 and can work his way up to MT 10.000 (Administrative assistant, interview). The owner of TG explains that *"all the employees have a contract* (Interview). Only the few employees that they employ when they have a big contract have no contract. When discussing working hours and the possibility to work in three shifts the administrative assistant expressed that *"we are interested in improving our production. If we need to work in shift then we will adapt to that too"*.

Freedom of association: The employees are organised in a *trade union and "[…] they meet on a monthly basis"* (HR representative TG; interview) where they present their suggestions and recommendations. The group report to the central trade union. The union has been involved in a case related to a food arrangement paid by the company. The discussions where not about whether or not the employees should continue to benefit of a food arrangement, but more about what they could expect. The workers suggested beef and potatoes, and the company suggested that the employees asked for a soup or *"something more suitable"* as the owner expressed. A compromise was reached, but the food arrangement is not in function today.

Equal employment opportunities for women and men: The administrative assistant estimates that the company employs 50/50 men and women. The Co-owner emphasised that the women and especially the young women are much better workers. They are given their legal rights during pregnancy, and they will be taken away from hard work in the last month (Co-owner TG, interview).

Training and career opportunities: Some of the employees have been with the company since the early start in 1978. One is the administrative assistant with HR responsibilities. He started as a servant and has worked his way up in the organisation.

Labour conditions: Before the first B2B project the employees had very limited conditions. The employees would have gone out side the fabric sitting in the open air when they needed to go to a toilet. With the B2B project it was possible to improve the conditions. *"We organised a leisure room with soft furniture's. Each worker would get a litre of milk due to the dust that the workers were explored to.*

There are few complaints. *"We try to fix things among ourselves. If we cannot reach an agreement we go to the management"*. He explains that *"the management is very open-minded"* (Interview) and also shows willingness to express their gratitude to employees that put extra force into their job by using monetary incentives. *"This year 8 employees received a double salary and one of our managers received a car"* (Owner, interview).

Social investments in employees: A company bus used to pick staff up at central locations. Changing rooms with toilets and showers was arranged, and a food arrangement as described above was established. The company also *"pay for expenditures related with funerals to the workers and its closest family relatives" (Co-owner, interview)* which in fact can be quite an expense in a country where sudden death is part of an every day life.

5.3.4 Areas of intervention in near future:

Workforce:

The new fabric in Matola will directly *"[…] support the local community by creating new jobs and improve skills through training"*. With more movements in the area it is also expected that small businesses will benefit of the placement of the fabric in Matola (Co-owner, interview).

The owner expressed that he would like to employ a HR manager that can look into workers condition and training. Training will be high prioritised in the next phase. *"4 employees will be trained in English (3-4 month intensive training) and afterward travel to Denmark to receive training in using and maintaining the machines (1-2 month)"* (owner DG, interview) followed by in-house training to secure that the quality is maintained. The employees will also have to undergo English classes. Local employees going to Denmark will be *"introduced to Danish culture and working environment"* which is believed can contribute to raise the work moral (owner DG, interview). The co-owner will sign up for MBA training reaching a more professional level.

Benefits such as *"a mini bus that can take the employees to and back from work"* have high priority. As the owner explains *"public transport is very expensive and it will be of great importance for many of the workers"*. Other social investments are still under considerations.

Environment:

The Danish Graphic Association has carried out an Environmental Impact Assessment, and during the designing phase greener technologies are taken in use where appropriate to have a more efficient use of energy consumption, but also to assure that there is a more efficient use of colours. The goal is that the new fabric will live up to Danish regulations on occupational health and environmental issues.

Social investment:

The owner express an interest in the employees that goes beyond solely working conditions, but include livelihood in general. Hence, *"I would like to see a Social centre where our employees can watch football together with their family"*. The owner expresses the *importance of unity*. The employees have a family and if there are too many problems on the home front there is the risk that they bring it with them to work. An unhappy employee will not produce to his/hers best. One of the tasks would therefore also be to *"carry out a study that tells us the status of livelihood. Do our employees and their families have access to water, electricity, and do their children study and so on"* (Owner TG, interview) to investigate what kind of trouble does the employees face when they go home, and how the company can support finding solutions to some of the challenges.

One solution that would cop with housing problems and long distances to work is the dream about *"building a small complex (1 ha) for our employees targeted at those employees that have been with us for a long time, but also targeted at our young employees that need to enter the house marked. Women are also prioritised.*

5.3.5   Main challenges

Building a sound partnership

Both partners acknowledged that cultural differences can result in some sort of shock when entering in a partnership. They both mentioned an episode from the first phase. The owner of TG had as an objective to train his children leaving them with responsibility to manage the company. While he him selves had been away *"[…] a situation between my son and our Danish partner evolved claiming that he had acted as being the boss"* causing that they had taken the decision to cancel the partnership. . The decision was later taken back.

The situation resulted to an open dialogue where the two partners got to know each other better reaching a common consensus that *"[…] none of us were looking for a 'patrao' (boss). We were looking for a partnership"*. Since then the partners *"see each others as brothers (*Owner DG, interview). The employees know *"that our Danish partner is a friend and advisor to us, and one can say that he is an honoured member of the company. His ideas have value to us"* (Co-owner, interview) and it was understood that the Danish partner will sit in the board in the next phase.

The Mozambican partner summarized the experience having more to do with *"the philosophy of cooperation, humanity and civilized behaviour, than with their business as such"*. As the co-owner explained *"our management principles were different and our partner might have disagreed with some of the principles and we could enter into a chock"*. She mentions that *"what is natural to us might be unacceptable to him, and vice versa"*.

Partnership is about listing to both parts. And the following example was given. *"If my Danish partner suggest to implement 3 shifts in Mozambique and I tell him that this will not work in a Mozambican context then if it is a true partnership my partner will listening to my local experience and together we will adjust and improve the ideas. We need each others"*.

5.4   3. Case study – Kenmare Resources plc

Introduction to the case

The last case describes the Irish mining company Kenmare Resources plc (Kenmare) and their activities in Nampula Province, Mozambique. The company began in 2003 the first constructions and first in 2006 the started to operate. The company has a license to a mining area of 15,240 hectares allowing for significant future resource expansion to up to around 100.000 hectare. The main minerals are ilmenite plus co products zircon and rutile which are used in paints, paper and plastic production. The target is to reach a production of 800.000 tonnes per annum, (Kenmare Resources, online) which is equal to around 7 percent of the world production (AIM News, 2001).

Kenmare benefits of an Industrial Free Zone (IFZ) granted by the Government. It means that the project processing plant will be exempt from corporation tax, import duties, export duties and Value Added Tax. The company has agreed to that the processing company will pay 1% turnover tax, but first after year six of production (Kenmare Resources, online).

In 2010 Kenmare won two prizes due to their CSR effort connected to their operations in Moma. The company was praised of their *"commitment and efforts to develop the communities in which they work"*. Later, Nedbank's Green Mining Award in the socio-economic category praised the fact that *"development work began before mining commenced, that it has an overall strategic vision and a 'bottom up' approach, as well as close partnerships with international and local NGOs and government bodies"* (KMAD, 2010).

5.4.1 CSR and how it is understood in the company

Defining their CSR approach:

In Kenmare CSR is seen twofold. Activities that are related to workforce and the environment are managed from the main office in Maputo. Activities related to the social community investment activities are based in Moma being as close as possible to the community and will be the only part under investigation in the present study.

The country manager best describes CSR to "*how they conduct its business operations in line with best industry standards and to behave in a socially responsible manner stressing ethical behaviour, integrity, and respect towards cultural diversity*" (interview).

Main drivers:

The extraction industry is often looked at with critical eyes doing more harm than good to local communities where they operate. The GoM through their new Mining Law expects the extraction industry to contribute with social community investment in the area where they operate. One of Kenmares' key drivers is also to *enhance social and economic development in Mozambique and locally in Moma* (Country Manager, interview). It is important to the company to address CSR in close collaboration with the local community. Furthermore, as a MNE the Country Manager added that the company is obliged to follow the OECD guidelines, and criterion within the extraction industry.

Roles when doing business in developing country:

The operations in Moma, in the Northern Nampula Province, are foremost expected to *create jobs*. Alone in the construction phase more than 2.000 contractors were employed. The company also expect that the activities in Moma will have a "*spin off effect creating new jobs supplying goods and service to the company*" (Country Manager, interview).

Next, the role is to "*provide an economic boost by generating tax revenues*". In the first quarter of 2010 the company managed to generate tax revenue of almost US$ 220,000 (AIM News, 2010). Kenmare Resources also believes that they through their activities in Moma can "*serve as a catalyst for further investment*" not only in the local area, but also in the country as such by "*supporting the Government in its attempts to promote investment in the country*" on e.g. international conferences (Kenmare Resources, online).

5.4.2 Applying CSR

Policies and strategies

As mentioned the company apply CSR two-fold. One part that is related to its operations and managed by the head office, and another part that is managed from Moma and is related to the communities near the mining operations.

In regard to the former CSR is structured through a set of policies that respond to the companies operations. One example is the Business Ethics Policy. The policy e.g. stress that Kenmare "*does not give donations or contributions to any political party*", and "*does not tolerate bribery in any shape or form*".

The company "*comply with environmental laws and standards in force in Mozambique*", but they are also obliged to act responsible in accordance with the World Bank "Environment, Health and Safety Guidelines for Mining and Milling – Open Pit" and the African Development Bank's "Environmental Guidelines for Mining Projects" (Kenmare, online).

In regard to the social community investment *Kenmare Moma Development Organisation (KMAD)* was established 2004 by the board of Kenmare Resources plc. The manager explains, that "*by running it separate from operations it would make it easier to manage*" (Interview). The objectives are to *support and contribute to the development of livelihood and wellbeing of approximately 10.000 community members living in nine villages within a 10 km radius of the mine in Topuito* (KMAD, 2008). Reality is that the activities have been expanded to include communities up to as far as 80 km away (KMAD, 2010).

The first social development plan covered the years 2005‑2008 and could last year publish their second strategic plan that covers 2009 – 2013 (Country Manager, interview). The first budget was US$ 700.000 million, but in the second period a budget of US$ 1.2 billion has been elaborated for the first three years. *"The plan has been prepared together with community members, local government, provincial governments, and partner organisations"* using a participatory approach. When designing the strategy plan KMAD also used the PARPA II, data from the national census, provincial and district development plans, and a survey carried out in 2007 in an attempt to match actual needs and to prevent that they organisation didn't take over responsibilities of the government (Country manager, interview).

Structuring CSR in the organisation - KMAD

Up to 2007 the activities were implemented from the head office in Maputo and through local partners in Nampula. In August 2007an intern and volunteer were appointed, and in May 2008 followed a full-time coordinator. The coordinator is located at the KMAD office and is responsible for day-to-day management on-site together with a Community Liaison officer that is responsible for the monitoring of the programme. Financial information is maintained by the financial controller of Kenmare. The coordinator responds to Kenmare's Country Manager in Maputo. The Country manager is responsible for the overall management and performance, establishing new partnerships, and is responsible of identifying new opportunities that can benefit the programme (KMAD, 2007; KMAD, 2010).

Community members can apply for funding on an annual basis. The funding is oriented around three project categories:

- *Capacity building and economic development projects* with focus on technical assistance and providing material such as seeds or tools. The community can also apply for larger investments in fixed assets, such as chicken houses or abattoir facilities. The aim is to create sustainable economic activities avoiding relationships that build on dependency of the mine.
- *Social-cultural development projects are concentrate*d on activities related to the educational programs, such as HIV/AIDS prevention, and supports development of sports, and
- *Development of infrastructures* that take basis in community needs. Infrastructures that improve local livelihoods through provision of health facilities or school furniture are examples.

Funds available to implement the strategy and action plan are mainly provided by Kenmare via direct support (Country Manager, interview). The Dutch development bank FMO provides direct support for technical assistance and capacity building on the agriculture and chicken projects, and WWF who has committed funds to working with the community to preserve the local indigenous Icuria forest and supporting agricultural extension. The organisation also receives donations from individuals such as employees at Kenmare or from a number of individuals not connected to Kenmare, but who had heard about the work being done (KMAD, 2010).

KMAD uses three types of implementation arrangements. *Direct implementation,* which is the quickest way to implement the activities. KMAD is the key player being the one that directly manage the activities. *Contracted implementation* is generally the most preferred form of implementation method in order to ensure high quality in the implementation. A project and budget is elaborated. A local NGO with existing programmes in the area is contracted to implement the project for KMAD. The last arrangement is the *Collaborative implementation.* The organisation is looking for long-term collaborative relationships with partners who have a long-term interest in the region and with whom KMAD share the same area of intervention (KMAD, 2010).

5.4.3 Areas of intervention

The strategy plan focus on *"maximizing the benefits of the Mine to create secondary economic opportunities within the local communities, to generate long term sustainable economic opportunities in the local communities that are independent of the Mine and to mitigate any possible negative impacts of the Mine such as the transmission of HIV"* (Kenmare Resources, online).

In the present five year strategy plan *Wellbeing* and *Livelihood* are prioritised. The main topics are listed in the table below (KMAD, 2008):

Wellbeing (Health and society)	Livelihood (Income generation and capacity building)
1. Access to Healthcare	1. Opportunities
2. Village healthcare	2. Capacity building
3. Malaria	3. Vocational training
4. HIV / Aids	4. Market infrastructure
5. Water wells	5. Horticulture / nurseries
6. Nutrition and	6. Livestock / poultry
7. Sports / Soccer	7. Microenterprise
8. Education	8. Microcredit

Table 2 Areas of intervention, Source: Author own elaborations on KMAD 2008

Wellbeing:

The area is motivated by the fact that *"the two nearest health posts are about 15 km away"*, and one of the health posts is located so that you need to cross a river first. The nearest hospital in Moma is 75 km away and transport costs MT 100. It can delay proper treatment since some will think twice before going for medical assistance.

The spread of HIV/Aids is a concern to the company. As the company explains *"during the construction phase more than 2.000 short term contractors were working in the area"*.

It is still too soon to monitor the impact "*but the company and organisation foresee an increase in infected cases with HIV/Aids during the coming five years*". And as they comment "*we know that this will result in families loosing income and children being orphaned*", hence the high interest in this particularly area. Easier access to clean water is motivated as having influence on health, but also influence on women and their daily responsibilities. It will reduce time spend on fetching water, allowing them to engage in other productive activities. On education the organisation is moving away from constructing schools looking more towards activities that have a more long term effect such as the latest idea "the hole in the wall' learning station that is expected to take off by 2011. It is a small computer facility providing the opportunity for children living in rural and remote areas to gain access to computers. Children explore their imagination and curiosity but also promote their ability to help each other in the learning process. There are quizzes about nature, HIV/Aids, hygiene, health care; games on school subjects like maths, writing and recreation games drawing, painting, puzzles, etc. In cooperation with Kenmare IT Department the idea is to set up and maintain two computers (KMAD, 2008).

Livelihood:

On livelihood special attention is given to establishing a culture of entrepreneurship. Training will be an ongoing activity to overcome some of the resistance that the organisation first met when introducing the idea of setting up own businesses. "*The community member's preferred to be employees rather than running their own businesses*". KMAD is confident though. As they say "*with greater experience, this (the barrier) is breaking down*". In the strategy plan income generating activities (IGA) include producing and marketing products such as eggs, salt, chickens, fish and vegetables; sample bags for Kenmare; establish a petrol station and producing and selling tree seedlings. The latter the mine can use in their rehabilitation program from 2010 and onwards. Later on further IGA is planned to be introduced. In 2009 approximately 200 families generated a turnover of about US$ 107.000 (KMAD, 2010). The clients are in the first place the company, but it is the plan that the products should be sold to the growing middle class in the area. Next, KMAD will improve access to the provincial capital Nampula by introducing a microcredit system and encourage that shop keepers and traders make cooperation's allowing them to benefit from better deals (KMAD, 2008).

The organisation highlights the benefit of working in partnership with NGOs implementing the activities. "*The NGOs have the expertise in development*" as the country manager mentioned. They have carried out projects with more than 20 international and national NGOs with activities in Nampula Province. So far, KMAD has formed formal partnerships or worked with the following partners; the World Wide Fund for Nature (horticulture), ADPP (HIV/Aids), Ophavela (savings & credit), Save the Children (horticulture), ADECOR (animal husbandry) and Moz Med (health) (Kenmare Resources, online).

The map below shows where KMAD is implementing their projects. It is visible that the organisation is giving high priority to HIV/AIDS related activities, credit and programme and there is a soccer team in all the nine villages.

Next, cassava production is the most common in seven out of nine villages followed by the construction of water pumps in four villages, threes vegetable projects, 3 schools constructed in two villages, broilers in two villages and sewing, abattoir, egg and salt production each in one village.
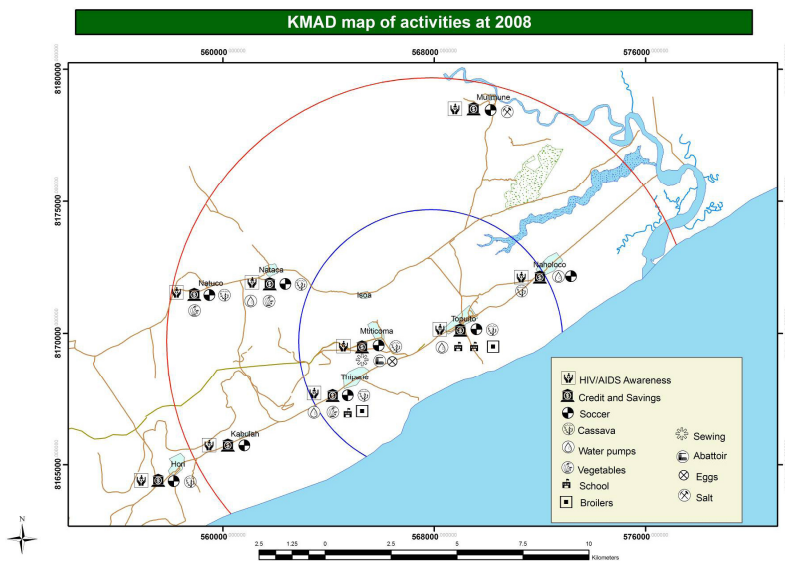
Figure 8: Map of activities and locations, sources KMAD Strategy plan 2009-2013

5.4.4   Main challenges

Documentation of their performance:

The manager explains that monitoring their performance is one of their main challenges, and is often limited down to quarterly and annual reports on their activities and outputs. In June 2007 KMAD carried out their first survey. It covered only one of the nine villages. Information was gathered through participatory monitoring techniques. As he pointed out it is a very time consuming activity when you have such a broad programme.

Project management:

The organisation has experienced a few challenges during the first period related to planning and project management. Things do not happen as smooth or as quick as one could desire. Furthermore, sustainability of the projects will need to be addressed already in the project design in the future. It has also been expressed that KMAD must recognize that there is not a one-fit-all plan. The first practical experiences have shown that each village is different meaning that the organisation might have to use a different approach to reach higher success criteria.

Accidents and activities out of ones hands:

There are things that one cannot plan for such as cyclones that are very common during the rainy season. In March 2008 the *Cyclone Jokwe passed directly over the mine locality causing a significant amount of damage. Infrastructure was being destroyed and food security being severely compromised*.

In March 2010 during a cholera outbreak in Moma the village was base for local violence. A group of angry people believed that health employees were causing cholera by poisoning the drinking water. They went to the local hospital and caused serious vandalism. The vandalism only increased the problem. Now there were no beds for the ill and necessary medication was taken.

In October 2010 one of the mines was exposed to a collapse and mud caused major damages to Moma village. One child is assumed dead and many families have lost their houses and e.g. furniture, cloth, and kitchenware. The company responded immediately and action has been taken to restore clean water, sanitation and shelter to the local population.

5.5 Summing up empirical findings

	Case 1	Case 2	Case 3
Approach related to Carroll's four responsibilities	Be profitable, obey the law, be ethical and be a good corporate citizen	Be profitable, and obey the law	Be profitable, obey the law, and be a good corporate citizen
Strategic intention	Value based transmitted into *Love Life, Love People and Love Cars*	Legal compliance	Licence to operate and goodwill from the community where they operate
Management	Pro-active and use of systems	Defensive	Reactive towards pro-active
Structure	Organisational alignment	No structure	Structured two-fold; activities related to the operations, and activities related to community investment
CSR theory or model	Triple Bottom Line but there is also a touch of corporate citizenship	Primarily instrumental, but new projects are in line with inclusive business	Corporate social investment

Table 3: Summing up findings from the three cases

Kjaer Group expresses a very pro-active approach to CSR structured using Triple Bottum Line as the model for making profit with a purpose. The main driver is personal engagement combined with entrepreneurial skills and initiatives. A process oriented structure is applied implementing policies and strategy in the Mozambican office with focus on workforce and environment.

The partnership between Dam Graphic and Typografia Globo Lda is driven by the interest in making profit, create jobs and train employees to become more professional. As long as CSR activities make common sense both parties are open towards incorporating CSR, but going as far as becoming a member of UN Global Compact is currently not of interest. The new factory is expected to become a role model among graphic companies in Mozambique improving quality making the company more competitive.

Kenmare is applying their CSR activities twofold. Issues related to workforce and environment is cared for within the operation of Kenmare Resources Plc and managed via policies and international agreements with the World Bank and the African Development Bank. Activities that have a social approach are disconnected from the day-to-day operation by being implemented through KMAD. An action plan for the next three years emphasises two main areas; Wellbeing and Livelihood.

6 Analysing and discussions

In the previous chapter three different approaches taking CSR from idea to practice were described. In this chapter the findings will undergo further analysing. The first part discusses how CSR is understood in Mozambique built upon interviews with representatives from the CSR arena and using examples from the three cases. The second part will go into a deeper analysis of the three approaches comparing and discussing similarities and differences. The last part will initiate the discussion if it is possible to say that the private sector through their CSR initiatives contributes to reduce poverty.

6.1 The base for CSR in Mozambique

Before analysing how companies can approach CSR in Mozambique it is relevant to understand how the companies experience the environment in which they operate.

6.1.1 Expectations and roles to CSR

The interviews revealed different views on how CSR is understood in Mozambique and how the private sector in Mozambique is expected to contribute to alleviate poverty in the country. A summary is presented in the table below.

The findings also support the idea that doing business today has more to it than legal compliance. Be it by setting ethical business codes as it is seen in both case 1 and 3 where polices on zero-corruption tolerance and HIV/aids are in place. Two issues that are very sensitive in Mozambique. Foreign companies can have a important role to play here because as the Mozambican partner in case 2 said there is no tradition in the graphic industry for standing together fighting corruption. The same response was also seen in case 1. They often found themselves being the only one in the sector that discussed corruption and how to fight it. The company mentioned that they have lost contracts to other competitors due to their position; but they are proud to say that they fight corruption.

By taking into consideration the idea of *Life salary* presented by 3F and the trade union is yet another way how a company can show ethical behaviour. None of the companies are formally using the concept but both in case 1 and 2 a more fair salary is taken into consideration, and as the employee representative in case 1 said it the company is a class A and it would not be fair to compare it with other competitors.

The role as mentor or coach strengthens a local partner, acts as a lobbyist or acts as an ambassador for a good cause being it children's rights or fighting back corruption are in line with core competences within management, leadership or marketing. Roles that one could say are not unknown to a company. One would expect that a company would feel for more comfortable to fill out those roles such as in case 1 where the owner participated in the East African Safari Rally in 2005 having written on the car "2015 Make Poverty History: www.rallywithpurpose.com".

Also the role as change agents can be of importance introducing more sound corporate governance. As described in chapter 2 Denmark is recognised for its high score on the CPI. It can be used in partnerships such as the Danish B2B or the latest programme IPD. In both cases where Danish businesses were involved it was said that one could feel that they had a different management approach.

Actor	Expectation to the private sector	Roles
The government	The government expects the private sector to contribute e.g. to economic growth and create new jobs. The inclusive business model is given high priority. On the other hand the GoM also directs the support by the private sector by including new articles in e.g. the Mining law that oblige the extraction sector to set aside a percentage of their profit to community investment initiatives.	Entrepreneur Make profit with a purpose "Philanthropist" (I have put it in braches since their arms are twisted)
Development agencies	The development agencies expect the private sector from the donor state to e.g. use their knowledge and knowhow to capacity build their local partners in developing countries making them capable of improving their own businesses and making them more sustainable. At the same time some would also like businesses to use their influence with governments to help demolish barriers of corruption, bureaucracy, lack of infrastructure, and lack of a healthy and skilled workforce.	Partner, Mentor and Coach Change agents Lobbyist and Ambassador for sound governance
The trade union	The trade union expects that the companies to putt emphasis on employees working conditions including occupational health and safety. They also expect the companies to give a fair salary by introducing what they call a Life salary.	Ethical correct behaviour
The NGOs	NGOs are seeing new opportunities to engage in partnerships with the private sector reaching out for a synergy by using each of their competences and act as allies in the fight against poverty.	Partner, Give charity
The Community at large	The communities in general look to the companies for e.g. assistance for basis infrastructures such as health centres, schools, roads, electricity and water improving their wellbeing and livelihood.	Create local jobs Fill gabs where government fails

Table 4: Stakeholders and their expectations to the businesses, authors own elaboration.

Differences in management styles even caused a shock wave in the partnership in case 2 while it was said in case 1 that it was due to the Danish approach that they had reached such a high environmental standard. As the Administrative manager said there are things he could no longer do since he had been exposed to a different way of doing things. It is also due to the Danish partner that the new label company will meet Danish regulations on environmental technology. It would therefore seem fair to say that Danish companies in the given cases already have served as change agents transferring knowhow and knowledge to their local partner either through programmes such as B2B or IPD, or through their branch offices.

It looks different when it comes to the expectations from both government and communities in general towards the private sector and the role of filling gaps where the government currently fails. There is always the risk that a government becomes too laid back if donor states, international donor agencies or foreign investors take over the role of the government. It is therefore important to mention that development is not the responsibility of a company, but remains the responsibility of the government. When this is said the private sector can support the government in carrying out their responsibilities. It can either be through public-private partnerships where the private sector is contracted to carry out the service, but it can also be as we have seen in the three cases that a company supplies a rural community with improved infrastructure such as schools, health centre, electricity or better roads. What is important in such cases is that there exists a contract or a paper of common understanding where a set of rules related to ownership and maintenance in pinpointed. Through the years I have witnessed how schools and health centres being built by foreign investors as a contribution to the local community showing gratitude towards their new neighbours. If the contribution on the other hand only includes the hardware, but does not take into consideration that a school needs teachers and books, or that a health centre needs a nurse and medication it has no long term sustainability for the rural community. Too often such activities have not been cleared with local authorities and it means that the local government hasn't budgeted with more staff and material subsequently there is a risk that it will become a shelter from the rain or sun, rather than used for its right purposes. Next, one can ask how many years a foreign company should be praised for its contribution. If there is not a continuation of the activity there is a risk that such activities cause CSR to be seen as a mere marketing approach. Another point is also that the private sector knows how to do business, but has little knowledge about development and how to navigate in the field, and it might be the reason why there are so few companies that actually follow the money they donate to social community investments. What kind of indicators or measures should be set to monitor ones performance? The question will be taken up later in the chapter.

The overview serves as a presentation of expectations, roles and to what extent the three cases meet one or several of the presented roles.

6.1.2   MNE versus SME. Should we expect the same level of action?

When discussing expectations from stakeholders and potential new roles it also seems relevant to ask whether one should distinguish between expectations and roles of a MNE and SME.

MNEs are obliged to follow OECD Guidelines for Multinational Enterprises. The guidelines contain among other recommendations on responsible conduct including respect for human rights and cooperation with suppliers and sub-contractors. In the Mozambican media companies such as SASOL, a South African petro-chemical giant announced that they had spent US$ 7 million over the last five years on social projects in the southern provinces Inhambane, Gaza and Maputo.

The company mentioned that their focus on social development projects included *education, health, agriculture* and *water supplies* (Kaberer, 2009).

In March this year Standard Bank went public with their investment in social responsibility initiatives. Their activities are also directed at issues such as *education, health, culture* and *environment* (Noticias, 2010). Likewise the case of Kenmare Resources that revealed that the mining company over the next three years will spend US$1.2 million on social investment projects in the vicinity of their mine in Moma, Nampula Province. There is on the other hand longer between articles that describe how SMEs contribute to social development by paying a fair salary, give access to transport to employees or run an employee micro credit scheme. This raises the question whether we can say that an MNE is more social responsible only because they have a larger CSR budget than one can expect an SME to have. What will weigh most? Improving welfare for ones employees or acting social responsible towards the community?

It can easily twist the picture that solely MNEs are becoming an important ally to the government in contrast to SMEs. This is not the whole truth but is does illustrate one of the weaknesses with CSR namely that it is often seen as a mere marketing gimmick. In September 2007 UNDP's International Poverty Centre (IPC) issued a report on Mozambique saying that mega-projects have created few jobs and, because of tax exemptions, contributes little to public revenue (Virtanen *et all*, 2007). If the MNEs paid normal taxes to the government it would allow the GoM to a) become less dependent on development aid, and b) assure that development and growth is spread out and not only benefit the societies where the MNE has its operations.

In the case with the mining company in Moma communities within a 10 km range from the mining activities have access to KMAD funds and benefits from initiatives started by KMADs. The fund has an annual budget around US$ 400.000 over the next five years set aside for its social development programme. In the first trimester of 2010 the company paid around US$ 220.000 in tax revenue (Macauhub, 2010). It seems marginal when comparing to the budget that is allocated to KMAD.

It is not to say that the company does not contribute to development. By placing the company in Moma the communities first and foremost gained access to a job. They also benefit from access to new and better roads, communication and electricity. With 93% of the population in Mozambique living without access to electricity (World Bank, 2008) it is understandable if rural communities such as in Moma see MNEs as an ally that can improve their wellbeing. Even if the prize to pay might be high loosing natural resources that cannot be used for agriculture anymore, or as the company fears the risks of spreading HIV/Aids since the community housed around 2.200 short term contractors during the construction phase.

An SME might not be capable of finding a CSR budget that can match an MNE such as Kenmare. Their devotion to social responsible activities often relates to activities in-house as we have seen in both case 1 and 2. It might be that such initiatives won't fill the media, but it would be wrong to say that they don't count as acting social responsible and it might be one of the reasons why some calls CSR for a pseudo debate (Højbjerg, 2010). As the owner at TG explained every time he offers initiatives such as food arrangement, transport to and back from work, or supports employees in case of a funeral or the like he will have to take it from his profit after he has paid tax revenue, salaries, and loans.

In general one could say that MNEs can be an important ally on a macro level supporting and promoting international conventions and guidelines. On a micro level SMEs could be seen to have a stronger role. They create sustainable local jobs and know the community and its needs.

When this is said there is a need to continue to discuss divides between MNEs and SMEs and how CSR initiatives taken by SMEs as small as they might seem still will count in the larger picture.

6.1.3   The government of Mozambique and their stake in CSR

During the interviews there was a general report back asking the GoM to take action. There is little idea in promoting CSR if the government does not support the concept by structuring and taking a stand on how the government sees its position and fills out its role. So far, the GoM has given mandate to the Ministry of Women and Social actions, and furthermore search to integrate articles in existing laws and bylaws that reflect CSR ideas, and has in public asked the private sector to move towards inclusive business.

The general view among the interviewed shows that GoM has currently taken initiatives that are mostly in line with the *mandating role* creating new laws, by-laws, and regulations controlling business investment and operations. The Lei de Mecenato is the oldest voluntary initiative. During the interviews there was little knowledge about the law and the consequences of this is that none of the companies are using the opportunities in the law. Combined with the stress it was to find a spokes person at the MMAS knowing about CSR and the Lei de Mecenato it leaves one with the impression that there is room for improvement. Mandating initiatives are seen in the Mining law and oblige mining companies to fund social investment programmes. The manager at Kenmare raised the question of who actually promotes CSR in new or existing laws. The government itself or is it promoted by foreign experts that consult the government? The question raises the concern that too much involvement from donor states in internal affairs can cause them to take over responsibilities that belongs to the state and its quest for sovereignty. Concerning the sovereignty the trade union showed concern that frames such as Global Compact will replace national laws (interview). It would be critical since one thing is to act social responsible on a voluntary basis another is to make sure that companies that do not follow the new trend do no harm, and national law setting the minimum standards will be of great importance.

There is some evidence of the governments *facilitating role* giving tax incentives to MNEs, although it can be discussed whether this actually is a positive action. The government has also jointed forces with some donor states and agencies trying to raise awareness about CSR. During 2009 the Norwegian Embassy hosted a CSR workshop, and in 2010 the Canadian Embassy hosted a workshop addressing CSR in the extraction industry – a growing industry in Mozambique. Both were held in cooperation with representatives from the GoM. One could ask who takes the initiatives. Is it again the donor states or does the government also see a need to address CSR? What is important is that there is focus on CSR and the opportunities within the concept for a country such as Mozambique. However, if the government is truly serious about CSR the next step would be to define and act on their stake in CSR.

On the other hand there are no awards or endorsement of specific metrics, indicators or guidelines that can guide companies that whish to embark on their CSR journey. Global Compact was launched in Mozambique in 2003 with the presence of the former president Chissano. The national GC network is run by FEMA, and count a representative from MMAS, but otherwise there was no knowledge among the interviewed regarding other awards that could support the government living up to its *endorsing role* at this stage, and thus create space for improvements.

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6.1.4 The civil society and their roles

A study carried out in Mozambique showed that civil society in Mozambique can be characterized as weak. The results related to both institutional weakness as well as weakness related to raising their voice. (Francisco *et all*, 2008). The study gives a very realistic picture if the civil society, and does raise some very crucial aspects when it comes to institutional capacity building. It is important in a country such as Mozambique which experiences economic growth that the growth is not at the expense of natural resources or human rights. Therefore, a strong civil society that knows its rights and knows how to voice it is of importance. A civil society that can act as watchdogs assuring that companies e.g. implement their policies and strategies on CSR.

LIVANINGO one of Mozambique's first environmental activist organisations succeeded back in 1998 to put a stop to a plan to convert a local cement kiln in Matola near Maputo into a hazardous waste incinerator to burn stockpiled obsolete pesticides and future undisclosed toxic wastes. The initiative was part of a joint development project between the GoM and Danida. The organisation, supported by Greenpeace, managed to mobilise civil society to work against the plans. They were afraid that the establishment of Danish incineration technology in Mozambique would only encourage illegal imports of toxic waste to Mozambique and pose a serious threat to its people and environment. Even though the government and Danida could provide data to prove the opposite the plans were taken off the table, and there have been no other donor states that have taken up the idea since meaning that there is still no solution to how Mozambique can treat its own toxic waste. If it was a problem back in 1998 one can only imagine how the situations more than 10 years later.

At present LIVANINGO is active in yet another environmental case at present. This time together with five other environmentalist groups; Environmental Justice, Centro Terra Viva, Kulima, Mozambican Human Rights League, and the Centre for Public Integrity. Mozal SARL, a large aluminium smelter, is accused of ignoring pollution limits (Savana, 2010). The company announced that they would start emitting fumes and dusts, bypassing the filters that should protect the environment and local residents from pollution, ignoring an upcoming decision from the Maputo Administrative Tribunal on whether its pollution was legal or not.

Mozal SARL is engaged in CSR and is also a member of the Global Compact network in Mozambique. It further more holds the second position at the Social Responsibility Index (SRI) of Johannesburg Stock Exchange and one would as such believe that the company would await the decision or find other means to emit fumes and dusts while the filters are being maintained. The environmentalist coalition has sent a formal complaint to the SRI, and that it matters to raise a common voice was proved when the company later announced that they will stop the bypassing until a decision is in place. Meanwhile, Mozambique's Environment Minister Alcinda Abreu has stated that the company must be allowed to bypass the filters while they rebuild its corroded fume treatment centre.

The two examples are isolated cases but they emphasize the important role of civil society to take responsibility to act when they are informed of illegal or unethical actions. Being it violation of the environment, bribery or abuse of human rights.

6.1.5 Placing Mozambique on the CSR evolution line

If we accept that the "classic" CSR evolution that developed countries have gone through as described in chapter 4 serve as the point of departure, then where on the CSR evolution line can we currently place Mozambique?
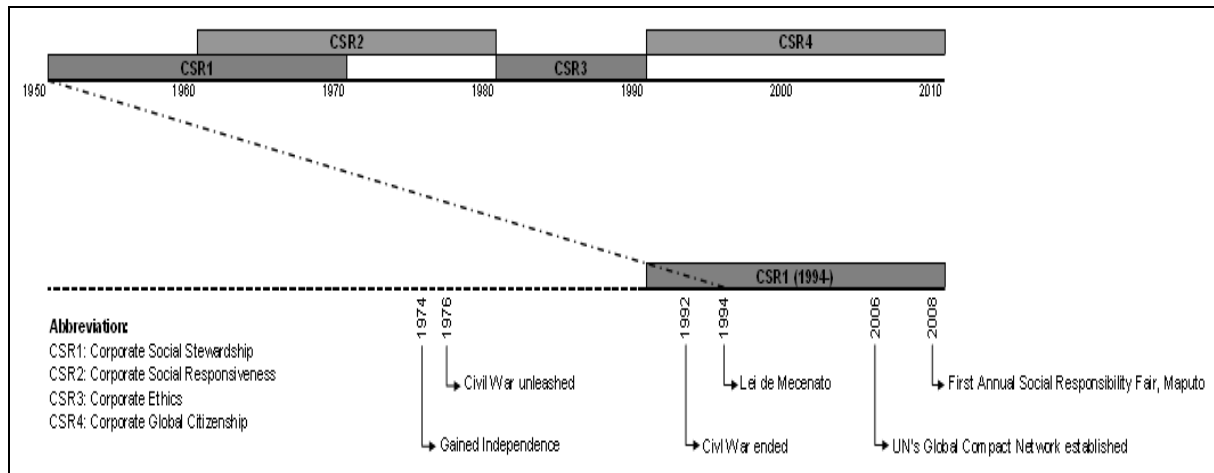
Figure 9 The classic CSR Evolution compared to the Mozambican, authors own elaboration

In the case of developed countries one can say that the evolution has more or less developed naturally steps along with the experiences that have been made over the past 50 years. There has been time to experiment and adjust relating to the experiences in a speed that seemed to fit the development. When we look at developing countries and in the case of Mozambique the country was struggling with their independency followed by a long civil war while the developed countries were gaining their first CSR experiences and evolving new theories, models and concepts.

Philanthropic approach seems to have deep roots in the Mozambican culture as such, but I take the stand that the first CSR generation formally took its start with the enforcement of Lei de Mecenato in 1994. One can see that the following CSR generations have not been placed on the line. It is true that some social activism is seen but with due respect in a weak civil society I find that it is too early to say that CSR2 has taken a strong grip in Mozambique. It could be argued that there are elements of corporate ethics, the base for CSR3. More policies and legal actions are in place structuring the business climate, but at the same time more emphasis will have to be put on fiscal enforcement. One should also have in mind that Mozambique is placed among the worst countries when it comes to corruption and as such I have decided not to include CSR3 at this stage. In relation to CSR4 I again find that it is too soon to include global citizenship on the evolution line. It is true that especially MNEs in Mozambique act as global citizens. A few major state owned companies have also embraced CSR some of which were members of the Global Compact network when it was still active. Taken the current situation I propose a position where Mozambique still is placed in the first stage CSR1 but with a civil society becoming fare more educated and informed of their rights today there is reason to believe that Mozambique has taken the first steps into CSR2.

6.2   Applying CSR

We have discussed the different expectations and roles that await the private sector, and based on the interviews Mozambique's CSR evolution has been classified. In this section, experiences from the three cases will be discussed against the four responsibilities in Carroll's CSR Pyramid.

6.2.1   Acknowledgement of CSR in their operations abroad

First and foremost the companies all mentioned that acting social responsible is *common sense.* If you run a sound business you assure that you have license to operate, that your employees have fair conditions and that ethical actions are respected.

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Depending on the nature of your operations harm on nature may vary, but as the companies responded then actions should be taken to minimize harm using new and available technology.

The Danish partner in case 2 said that he doesn't need a frame such as Global Compact to structure his actions. If you are social responsible it's more a matter of doing it. It should not be the label as such that motivates a company. If so, it is most likely to become a marketing gimmick rather than a genuine concern and interest in acting social responsible.

Personal engagement is a strong motivation factor in case 1 and seems to rubb off onto the employees. There were examples given where employees had taken the initiative to sponsor toys for an orphanage in Mozambique. The orphanage is a client. During the interview with the administrative manager new initiatives were brought up such as engaging in planting trees to absorb CO2. *"Our business creates pollution. Our product uses fuel and we create noise. If we could plant some more trees we can show that we care about our environment"* (Administrative Manager, interview). He further suggested that the company could initiate events such as *"Free of beer day"* or *"Smoking free day"*. *"The idea is that the money saved for not drinking or smoking could go to fund buying trees"*. Initiatives like that show *employee engagement* and it makes it more likely that CSR is anchored in the organisation.

In terms of the mining company their motivation relates to their relationship to the community by *improving conditions for the community where they operate*. The company is aware that their activities will cause former agriculture land to be turned into a mining area and that it will not be possible to go back and use it for the same purpose again. As such it is necessary to e.g. introduce new income generating activities that can sustain a family who previously lived of farming. As a result income generating activities is a priority in KMADs activity plan under Livelihood. The company is also aware that they will need skilled and healthy labour witch is supported through their activities related to Wellbeing. In later studies it would be interesting to analyse to what extent the company thought their actions have been able to raise a positive *reputation or goodwill* and whether their position in the village has suffered due to the recent accident where mud from the mine ran through the village causing damage and where one child was killed.

What was surprising though, was that none of the cases mentioned raised *pressures and demands from outside*. In case 1 it would also have been expected that clients from the development industry to a certain extent would raise requirements that related to CSR, or as in case 2 that clients required that printing was done using FSC paper. It would suit the government, being the largest client, to establish rules of engagement that relate to e.g. environment issues. The lack of pressure and demands from the general public can be related to the former discussion concerning a weak civil society and to what extent they raise their voice in cases where human rights are violated, or where unethical actions have been taken.

It was furthermore interesting to see that no one mentioned that they are met with demands from clients or suppliers to demonstrate that their operations are sound and that they can live up to labellings such as ISO 9000 and ISO 14001. Over time, and especially if companies want to do business on a regional or global scale, it is to expected that the companies will face such demands. By addressing such labellings a company can prepare itself for entering into sound competition and it is also possible to put a distance to other competitors trying to enter the regional scene.

At first glance it would seem that companies with activities abroad emphasise common sense and personal engagement towards acting social responsible, while there currently seems to be less risk of meeting pressure or demands from clients.

On the other hand a company that is placed in a rural area will most likely be met with demands to invest in human and sustainable development of the community.

6.2.2   Responses to the four responsibilities in the CSR Pyramid

In the following section the four responsibilities in the CSR Pyramid serve as a point of departure for a debate about how the responsibilities are approached in Mozambique. The pyramid should not be taken too strict since Carroll accepts that some of the components are coexisting and that there is a dynamic interplay between e.g. ethical and legal responsibilities pushing the legal responsibilities to go beyond legal compliance placing higher expectations on a business. The separation illustrates in a simple way the different types of obligations that are in a dynamic tension with one another" striving towards *"make a profit, obey the law, be ethical, and be a good corporate citizen"* (Carroll, 1991).

Responses to economic responsibilities:

The traditional role of economic responsibility is the base in Carroll's CSR Pyramid highlighting the responsibility to create jobs, and to produce goods and services that a consumer need and want while increasing profit to shareholders. Beside the more classic view towards economic responsibilities Visser belief that by defining economic contributions much more widely as it is seen in Europe a company can play a vital part in especially developing countries where a weak government might fail in delivering the needed service in education, welfare, health or rules for retirements (Visser, 2006:38). Visser uses Anglo American as a good example of how it can be transmitted into practice. The company has divided its economical responsibilities into; 1) value added in the course of production and the wider effects of these activities combined with investments in staff development, technology transfer and investment, and 2) value added to society of its products. The Mozambican Confederation of Business Associations (CTA) supports Visser's point of view by claiming that companies in Mozambique are not meeting their social responsibilities neither to their workers nor to the communities where they operate suggesting the use of code of conducts (AIM News, 2008).

The three case studies revealed different approaches but did also bring up some similarities. Making profit with a purpose is a strong CSR pillar in case 1. It is important to the company that they are part of something bigger and a more holistic approach is taken in practice creating sound and sustainable jobs. The company makes it a duty to invest profit in their workforce or human capital and I find that there is ground to say that the company perceives a more widely point of view. The same can be said about case 2 although it is not formally linked to a CSR strategy but merely based on common sense. By that the two partners mean that with or without the B2B programme they would have taken actions that is much in line with a more widely approach. The Danish partner commented that the conditions already were acceptable when the first B2B programme ended in 2007, but at the same time it should be mentioned that the Mozambican partner said the company didn't manage to follow up on all the initiatives in the subsequent period. It indicates that the idea has not yet been fully anchored in the organisation.

It is easier for family owned companies as in both case 1 and 2 to take the decision using the profit to improve e.g. workforce conditions in comparison to case 3 where such decisions are normally taken by the board.

The study also raises attention towards using a more inclusive business approach which in its form fits to the findings in case 2. In this particularly case the two partners have sized the market and found that there is a need for safe water on a daily basis but also in case of a natural disaster. Mozambique is one of the countries along the East African coast that is expected to suffer most if water level will rise as predicted. Much of the current coastline will be eaten up, but it also provokes that those cities that a placed along the coast already are facing problems that relate to sanitation. Access to safe water is therefore crucial. Communities that are forced to use rainwater or water from rivers are in danger of catching cholera or other diseases related to poor sanitation. Inclusive business practices can therefore be one way to supporting Visser (ibid:38) saying that economic contributions from companies are prized in a country where more than half the population is living in poverty, and where access to proper sanitation facilities are poor.

To Visser it is important to distinguish between economic contributions as illustrated above and economic dependency (Ibid:39). I see this as a real concern when it comes to MNEs. The success of the economic growth in Mozambique is partly due to the contribution of 5% to the GDP from the extraction sector. The mining minister, Esperanca Bias, expects that the sector during the next five years can increase their contribution to 12% (Reuters, 2010). Visser believes putting too much attention to one sector can be critical creating a certain level of dependency (Ibid:40). Visser is using the example of Mozal SARL, an aluminium smelter in Maputo that in 2002 added 2.1% of real GDP growth to the economy. Mozambique's economic growth is around 7% and it is therefore not hard to see that a company with this size can misuse its position. The company is currently making headline in the local newspapers since the civil society organisation LIVANINGO claims that the company ignores pollution limits. The organisation has sent their claim to the Maputo Administration Tribunal, but the company announced (Savana, 2010) that they will start emitting fumes and dusts, bypassing the filters that should protect the environment and local residents from pollution, thus ignoring an upcoming decision from the Tribunal on whether its pollution is legal or not. Meanwhile, Mozambique's Environment Minister Alcinda Abreu has stated that the company must be allowed to bypass the filters while they rebuild its corroded fume treatment centre. Such a reaction supports Visser (Ibid:40) and his fear that when a government becomes to dependent on a single company there is risk that legal compliance and ethical conduct might be jeopardised.

The divide between MNEs and SMEs when it comes to tax incentives is yet another sensitive issue. The SMEs find that they in some cases end up paying more in taxes than some of the MNEs since they do not benefit from the same opportunities than MNEs. Taken the size of the company it is also striking that Kenmare on an annual basis will sett a side US$ 400.000 for activities related to its community investment activities in Moma and its near vicinity while they in the first quarter paid around US$ 220.000 in tax revenues. . It is questionable if not MNEs in general would act in a more responsible way by accepting to pay a higher tax percentage allowing the government to make a more fair distribution of funding.

It would appear that there are challenges ahead promoting a more widely point of view when it comes to responsibilities that is related to economic responsibilities that goes beyond being profitable.

Responses to philanthropic responsibilities:

While Carroll sees philanthropic responsibilities as merely the icing on the cake (Carroll, 1991) Visser believes that philanthropic responsibilities carry a much higher weight in an African context (ibid:40). I can follow Carroll in the sense that while stakeholders expect a company to act ethically correct and even as seen in the above hold the company accountable in case of ignoring legislation, it is likely that a company failing to meet its own goals related to philanthropy will raise much debate.

On the other hand if we look at philanthropic responsibilities from an African context programmes to promote human welfare or goodwill seems to gain much more attention than ethical and legal responsibilities, but if the actions stands alone can we then truly say that a company act social responsible? A study from Uganda (Katamba. 2008:11) shows that managers in SMEs were mainly concentrating their efforts towards community aspects, but this was due to a lack of awareness of CSR terms. It was not due to lack of interest but the respondents answered that they were not aware that CSR also included economic, legal and ethical responsibilities. The same could to a certain extent be said of the findings in case 2 where focus was on economic and legal responsibilities to ensure license to operate. There was less attention to ethical and philanthropic responsibilities.

Kenmare is aware of their responsibilities towards the community where they operate and through the KMAD they fund activities that can improve livelihood and wellbeing. Currently they fund with an annual budget of US$ 400.000. The budget is limited to activities within a range of 10 km to the vicinity of the mine. A recent evaluation showed however that communities as far as 80 km away benefitted from the funding and it makes the company an important ally for local development. There are reasons to believe that businesses in Mozambique give high priority to philanthropy that is beyond pure charity. Besides Kenmare, then companies such as SASOL Ltd (Kabere, 2009) and Standard Bank (Noticias, 2010) brand themselves in the media as good citizens funding activities related to education and health but also agriculture and cultural activities.

Running campaigns in cooperation with local authorities as in the case of MotorCare the company is using their core competences reaching out to the public. The company gives consultations on how to become a better driver and how to maintain your car. Road traffic injuries affect the economy, health and quality of life of the people of Mozambique. The main causes of crashes include reckless driving, drunken driving, roads with potholes, inadequate signs, lack of protection for pedestrians, and inadequate traffic law enforcement. Activities such as the Road Safety Campaign can contribute to change behaviour and hopefully prevent traffic injuries. Also activities such as allowing UNICEF to make use of their storage facilities in case of an emergency situation is yet another example of good citizenship. The company could have decided to use the opportunity to improve their profit by renting out the storage facilities instead.

The examples supports Visser when he argues that weak governments in some way rely on companies and their willingness to provide needs for e.g. better infrastructure where they operate (Visser in Crane *et all*, 2009), but also uses core competences on matters such as road safety. Where government fails Visser also claims that communities expect that a company such as Kenmare contributes to sustainable development. It should be noted again that it can become very dangerous. Not only can it make a government too dependent or in worst case too laid back.

If a company suddenly is seen as a stronger partner in a local community providing the public services that in the first place are placed under the responsibility of the government there is the risk that the community might feel a stronger relationship with the company than with the government, and the base for mistrust towards the government can be planted.

The study showed a variety of activities that relates to philanthropy, and it is understandable if there as Hess argues are some that find it to be too diffuse and unfocused (Hess *et all*, 2008). At Kenmare initiatives were taken to structure its social community investments in a strategy plan, but before that it had also been a bit unfocused. KMAD used a participatory approach inviting representatives from the local authorities and representatives from the community to define areas of interventions. This approach makes it more transparent, allows the different actors to coordinate their activities, but also empowers community members.

The HR manager at Kjaer said that their activities used to be taken depending on their gut feeling and that they discovered that they needed to structure their activities. Both cases can hence support that if not structured in some sort there is a risk that it becomes to unfocused and positive impacts might be overlooked. As Kenmare mentioned they needed to follow up on this part. The first experiences showed that it was far more time consuming than first thought of, and that they so far only had evaluated one district.

Nevertheless, there is the risk that funding to philanthropic activities are more unsustainable since a company may tend to cut down on less-than-vital expenditure in times of crisis makes it less reliable to a community and its development where governments fail or rely on the companies to provide the service that in the first place is the responsibility of the government.

Responses to legal responsibility:

A company is expected to pursue their economic responsibilities within the framework of the law bringing the two responsibilities in tight relation. At the same time Visser finds that legal responsibilities have a lower priority in developing countries than in developed countries (Visser, 2006:42). By that Visser does not mean that the companies flaunt the law, but rather that there is less pressure for good conduct.

When developed countries started to enforce legal acts related to environment and occupational health during the 60's and 70's, Mozambique gained its independence. Instead of starting to develop the country a civil war that lasted 18 years brook out. Although progress has been seen in strengthening legislation related to CSR aspects in Mozambique, I agree with Visser that a lack of enforcement or ownership may reduce the effectiveness of legislation as a driver for acting social responsible in the country.

The Logistic manager at one point reminded me that this is Africa and by that she indicated that what works in developed countries might not work in an African context. Behavioural change is a time consuming process and it might require some flexibility while enforcing legislation which again might speak for MICOAs response regarding the recent Mozal case.

Nevertheless the findings indicates that it is possible to transmit sound business practices as illustrated in both case 1 and case 2. In the former the Administrative manager mentioned that there are things he cannot do anymore since he is part of a Danish company that is emphasising a sustainable development anchored in the triple bottom line (TBL), and transmitted into the company's vision Love Life, Love People, and Love Cars.

It is also visible in the latest HSE policy where it is written that the company will live up to national laws, and it illustrates how the company has managed to set a standard that gives priority to good governance. Standards Visser claims many African countries lag behind (Ibid:42). In the later, the Danish partner mentioned that just by building a new company that can live up to Danish standards on environment will assure that the company will counter for negative contributions during production avoiding or minimizing harm. Just by doing that the company goes beyond national requirements.

If we therefore accept that legislation might exists but that its enforcement is limited I see that a foreign company investing in Mozambique could take a pro active role promoting sustainable and even a green growth. It would mean that a company need to think green in both constructions as well as in the production. In the construction phase it means considering use of renewable resources such as solar cells, wind mills or geothermal supply, while a company in their production should consider use of new technology that likewise will take into consideration use of the scarce resources such as water and energy.

Responses to ethical responsibilities:

Owing to the absence of effective legal protection or rather due to the absence of enforcement Visser says it is more the less up to the companies to find a decent path for their actions (Visser, 2006). Corruption has been mentioned by the companies as a constraint for competitive business. It supports Visser arguing that the weak influence of the law can provoke that companies take an unethical behaviour (Ibid:43).

In case 1 the company has a pro-active approach saying no to bribery in any kind of shape. They do not have a formal policy at this stage, but even though, there is no doubt in the interviews that was carried out that corruption is not acceptable and that actions against it will be taken in case an employee feels tempted to receive bribery. So far, the company has had no such cases. In case 2 the Mozambican partner admits that corruption is part of the graphic industry, and the extraction industry has likewise a poor reputation when it comes to corruption. In the two first cases it was mentioned that there is no tradition in the to cooperate on e.g. setting standards or a code of conduct that can fight corruption. In comparison with the extractive industries the Extractive Industries Transparency Initiative (EITI) as Visser also mentions is aiming to increase transparency over payments by companies to governments and government-linked entities, as well as transparency over revenues (Ibid:45). During a recent investment conference in London the Mining minister Esperanca Bias emphasised that Mozambique is interested in membership of the EITI and it gives hope that Mozambique has learned from other countries such as Nigeria where resources in the Niger Delta region has been plundered (AIM News, 2010d).

If CSR is to expand in Mozambique, it would seem important to address the role of universities. By including CSR issues into their curriculum preparing coming managers to look at CSR in a broader way beyond pure charity it becomes possible to change the traditional culture towards a point of view where acting social responsible becomes natural; a common sense. Besides preparing new managers the universities can also support the GoM carrying out research to gather more experiences on how CSR is understood and applied in Mozambique, and lastly together with the private sector test new technology.

6.2.3 Main challenges applying CSR in the three cases

Access to information and training on CSR related issues

A majority of the interviewed addressed a need for more information and training on CSR. It can become a barrier for the future implementation of CSR if a company is not fully informed about CSR and aware of which activities relate to CSR and which do not. Embassies (Norwegian, Canadian, and British High Commission) have held seminars and workshops on CSR but interviewees responded that they introduced CSR on a basic level. There is a request that there are different levels and even conferences that are related to a certain sector. The companies responded that they have limited time to spend to participate in seminars and workshops. It addresses a need to look at alternative approaches such as the use of the internet setting up interactive blogs and e-conferences. It would further respond to the demand for more flexible access to information.

The study also shows a need to coordinate activities among the donor states. The embassies with a special interest in CSR could advance CSR by coordinating their activities. It would make it possible to create a CSR programme that took into consideration the specific interest from the private sector in Mozambique; from both MNEs and SMEs, because as the General Manager at MotorCare said it is interesting to follow what CSR means to a MNE.

Documenting performance

In extension of the above there seems to be a tendency that companies do less to follow the money which is spent for social community investments.

The companies indicated that they were not familiar in reporting on non-financial activities. Combined with the impression that funding to philanthropic responsibilities are seen more as a gift rather than an expense that need to be monitored, leads to an opinion that responsible for writing the reports would need to be technically sound not just in accounting, but also sound when it comes to triple bottom line and sustainability reporting.

In the case of Kjaer they write an annual Communication on Progress report to Global Compact. It is voluntary what a company like to communicate. The company presents its performance, but on the other hand the report does not include any indicators making it difficult for the company to follow their improvements. Since Kjaer Group has embedded CSR in their core business it makes it more challenging to monitor the actual cost of their CSR.

Kenmare on the other hand has separated its social community investments from their day-to-day management. The benefit seems to be a more simplified monitoring and evaluation processes. On the other hand it only illustrates how they approach their philanthropic responsibilities while there is no information related to how the company responds to the other three responsibilities.

The employees in KMAD have knowledge related to development work and attend their work as if it was a development activity implemented together with one of the international NGOs.

In relation to the B2B programme companies today are also there requested to report back on their performance. It was not a request in the period 2003-2007. It should be mentioned that both the B2B programme coordinator in Denmark (interview) and the Danish embassy in Maputo (interview) recognizes that the partners are too weak and not capable of presenting good ideas on the CSR component in the B2B programme.

Where they where included, the impacts have not been very successful which might be one reason why CSR is not given much attention. As a response a consultant was contracted to visit some of the B2B partners and together map more relevant CSR activities together with the partners.

Frynas argues that if trying to enhance credibility regarding CSR some kind of common guideline would seem valuable in avoiding "green washing" (Frynas, 2002). It is one of the challenges that we will have to overcome and as I see it relate more to corporate social response. Collecting relevant data and submitting the data to the right institution for use in the overall monitoring of e.g. MDGs is crucial before we truly will be able to say whether the private sector contributes to alleviating poverty or not. There need to be some kind of assurance of the impact. It has to be *measured* and found *efficient*. Especially with more actors on the development scene it becomes more complicated to assure whether initiatives and their impacts are reported and if so to whom. We also saw that initiatives related to philanthropy can be of a more diffuse character and will not make the process easier.

Quantitative data such as how many latrines, mosquito nets or water pumps a company has donated is easy to collect. It becomes trickier to measure initiatives such as providing transport for employees, food arrangement or sponsoring of a local football team. One would e.g. need a unit price, or count plates. What does sponsoring a football team have to do with CSR besides supporting local sport? Bringing youth together around an activity such as football is believed to be one way of keeping youth away from crime. At the same time through games they are taught team building.

Team building is just one of many necessary skills they are going to need in their work life. How do we measure an activity that is more a qualitative data?

Next, considerations related to who should collect and analyse the data has to be taken. Should it be handed over to the local district representative, the provincial department for Women and Social Affairs responsible for promoting CSR or should it be an NGO that already implements and collects data on sanitation and hygiene such as WaterAid, CARE, or HELVETAS?

The challenge should be taken serious. In Denmark the new Danish development strategy faced criticism claiming that the monitoring of the private sector and its performance and impact on poverty eradication in developing countries is too weak (Gjerding, 2010).

Infrastructures in place

Infrastructure such as roads, railways, airports and industrial ports are being upgraded to meet a growing demand for trade on a regional as well as on international scale. On the other hand it seems as if there is a potential to for the GoM to enter into dialogue with donor states and international institutions to provide an infrastructures which the private sector will need in order to be able to act as an e.g. environmental responsible company. If not in place there is a risk that CSR policies and strategies will fill the shelves rather than be implemented. In Kjaer Groups latest Health, Environment and Safety policy it is written that their branch offices will have to adhere to the policy given the local conditions. The country manager in Mozambique saw waste management as his biggest challenge since it was out of his hands. He would like to implement a higher standard, but since Mozambique cannot refer to a proper treatment of oil and chemical waste from workshops they have taken the decision that waste such as spill oil, oil filters, batteries, and break liquids are collected and sent to South Africa for further treatment.

With more foreign investment and the increase in new national companies it can be expected that this will create a worrisome scenario where waste is produced in such quantities that storage no longer is the solution, and that some might turn to the improper manner by dumping their waste in the nature.

6.2.4   Which CSR theories are applied

The first case is mostly seen as being influenced by ethical theories where the point of departure is the right thing to do, or common sense as often has been mentioned. The case has also elements from both the integrative theories with special attention to their stakeholders, and furthermore the company does to a certain extent also use parts from political theories in the sense that the owner uses his position to raise awareness about the MDGs in a rally. This was the case during the 2005 East Africa Safary Rally where the Kjaer participated with a car on which is was written "2015 Make Poverty History:www.rallywithpurpose.com.

At a first glance the instrumental theory would seem the most obvious in case 2 where the main approach can best be directed towards maximizing profit. Although, there are elements that indicates that the case can be linked to inclusive business making a profit while producing goods and services that are in demand from the poor.

In that sense the two first cases differ from the last case that emphasizes their social concern through their social community investment programme together with KMAD following the political theory with focus on corporate citizenship due to their involvement in the community.

6.3   CSR initiatives addressing development issues

Whether a company should stick to doing business or also enter into development issues is a very interesting question, and in the following we will discuss whether it is possible to state that the companies in the three cases and at their current stages contribute to reducing poverty. The General Manager at MotorCare expresses that *"they can do both. It is not incompatible.*

The ten principles in Global Compact will serve as the framework. Through 10 principles the aim is to minimize the burden of global production on environment and workers. It has gained international success as a framework for businesses to play a vital role in society. Up to 2009 Mozambique also hosted a GC network, but the latest report from 2009 indicates that the network is at current has no members nor has any activities (Global Compact, 2010).

Kjaer Group and MotorCare are members of Global Compact and as such have experiences with reporting on all the ten principles. In case 2 the ten principles likewise constitute the framework for how companies in the B2B programme can live up to their CSR, but it is currently not mandatory that the companies become member of GC. None of the two companies are currently members of GC. It should be mentioned that case 3 is only evaluated against the principles when it relates to its community work.

The first topic is *Human rights.* The topic is very interesting in a globalized world where companies are either moving all their activities, opening branches or outsourcing part of their activities to emerging and developing countries. Most companies do support and respect national as well as international agreements, but we cannot neglect that it can be tempting for others to make use of a situation where national legislation and their enforcement is weak.

	Obligation	Case 1	Case 2
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Compliance with national legislation that comply with international human rights agreements.	Compliance with national legislation that comply with international human rights agreements.
2	Make sure that they are not complicit in human rights abuses.	Anonymous employee satisfaction survey. Less than 5% turnover.	Use of an "open door" policy where employees can speak freely.
		Partnership with Aidsfonden concerning training about HIV/Aids to prevent stigmatation.	Workshops about HIV/Aids and basic health issues.
		Partnerships with UNICEF allowing them to use their storage facilities in Denmark and Mozambique free of charge.	

Table 5: Human rights, authors own elaboration

Labour standards and how initiatives currently taken in case 1 and 2 can relate to the principles 3, 4, 5 and 6 are suggested below in table 5. In general both cases have taken several initiatives to adhere to the two first principles.

The trade union together with 3F has presented the idea of "life salary". The salary is based on condition that allows a family of five members to survive on an acceptable condition. By introducing such an initiative a household is given better conditions. Together with initiatives such as organising transport to and back from work can contribute to improve wellbeing and livelihood allowing more children to study, improve the house or buy more nutritious food.

Next, the initiative to open for buying shares in the company is an interesting approach. It opens for the opportunity that employees being it a gardener or general manager have the same opportunities to become a shareholder too. Kjaer Group expects that employees become even more engaged in their work since one can say that they work for themselves.

By implementing a bonus scheme as in case 2 the company shows that they appreciate effort done meeting e.g. deadlines. When it comes to access to health services it can have a direct impact not only on the employee but also the family.

If employees and their families are well oriented about how they can prevent illness related to poor sanitation such as malaria, diarrhea or cholera during the rainy season there are chances that they will not catch an illness. In that sense there are chances that an employee stays healthier having less sick days. Yet a more important element related to health is the prevalence of HIV/Aids. In Mozambique HIV/aids have dramatic consequences for both the public sector and the private sector. Sectors such as education, the police and military are showing high incidences of the illness, while especially the mining industry is showing high incidences.

	Obligation	Case 1	Case 2
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employees have freedom of association, and the trade union also visits on occasions.	Employees have freedom of association, and the trade union also visits on occasion.
		The lowest minimum wage meets the idea of "life salary".	The lowest wages meet national minimum wage.
		Training programmes in place (professional courses, English, reading/writing).	Professional courses in place.
		Employees can buy shares in the company down to 1/10.	Informal bonus scheme.
		Access to proper bath, toilet and dressing facilities.	Access to bath, toilet and dressing facilities.
		Voluntary initiatives include access to leisure room, kitchen facilities, health service, and transport.	Voluntary initiatives include access to leisure room, kitchen utilities, and health service.
		Access to micro credit schemes.	
4	the elimination of all forms of forced and compulsory labour;	Employees have contracts stating the terms and conditions of service.	Majority of staff have contract. The company works on decreasing the number of staff without contract.
5	the effective abolition of child labour; and	The company adheres to the minimum guidelines on employable ages as laid down by the ILO.	There are no children working.
6	the elimination of discrimination in respect of employment and occupation.	HIV/Aids formal policy	HIV/Aids informal policy
			Priority given to female workers. During pregnancy the women are given less physical work.

Table 6: Labour standards, authors own elaboration.

Kenmare fears that there are risks that during the construction phase temporary employees might have spread HIV/Aids. If this is the case and later study can document an increase in HIV/Aids among the local community it is worrisome. Therefore, proper awareness as seen in both cases raising awareness will hopefully also contribute to minimize stigmatisation at work so that an employee in the future can feel free to inform its employer about his/hers situation.

In case 2 the Mozambican partner had a "dream". In the near future he would like to see that the company could support employees and their families by building better housing close to the new label factory. If the dream comes true it is likely that it will support the families. On the other hand it also raises the question what will happen if an employee later wishes to change jobs.

Is she/he still allowed to stay in the house, or will he have to move with his family. Or what happens when an employee goes on retirement? Will they then also have to move?

The company will have to respond to such questions avoiding that an employee might feel bound on hand and foot.

The element *Environment* is analysed against 3 principles as it can be seen below. It is much related to compliance and as such does not promote that companies move beyond legal compliance.

	Obligation	Case 1	Case 2	Case 3
7	Businesses are asked to support a precautionary approach to environmental challenges;	MICOA pays the company a visit. So far MICOA has nothing to comment on.	MICOA pays the company a visit. So far MICOA has nothing to comment on.	The company has undergone an Environmental Impact Assessment before it started operating.
8	undertake initiatives to promote greater environmental responsibility; and	The Health, Safety and Environment Policy will be implemented in all units.	There is currently no formal policies in place.	A tree planting initiative is in place and the first trees are about to be planted in the rainy season 2010/11. The campaign is part of their mining concession.
		There exist code of conduct for storage and collection of oil and chemical waste.		
		Campaigns such as traffic campaigns are held with the traffic police. Fleet campaigns towards clients are carried out.		
9	encourage the development and diffusion of environmentally friendly technologies.	The company has taken necessary steps to be up to date on the latest environmental friendly technologies for workshops.	No particular initiatives are taken at this stage. If approved by the Danish Embassy the new label factory will comply with Danish environmental regulations.	
		The company can meet demands for more CO2 friendly cars and motorbikes.		

Table 7: Environment, authors own elaboration.

All three cases raise the importance of the environment. In case 1 the company has taken the initiative to elaborate a Health, Safety and Environment policy that is going to be implemented in all their branches.

In case 2 the most interesting thing will be whether phase 2 will be approved or not since environmental initiatives mainly will be incorporated in the next phase by integrating sustainability into the project design building a new fabric that can live up to Danish standards. Just by doing that the company is going way beyond national environmental laws. Energy efficiency saves cost and cost is a critical competitive parameter.

Corruption is the last of the ten principles. Zero-corruption tolerance can mean loss of orders as in the case of case 1. One should think that zero-corruption tolerance would be a good for branding, but apparently as in case 1 this is not the case currently. The Mozambican partner in case 2 was requesting a common ground in the graphic industry sector in Mozambique.

	Obligation	Case 1	Case 2
10	Businesses should work against corruption in all its forms, including extortion and bribery.	The company has a Zero-tolerance corruption policy. All employees are informed and there is included an article in the contract concerning corruption.	The company has no written policy concerning anti-corruption.

Table 8: Corruption, authors own elaboration.

The Danish Ministry of Foreign Affairs did up to recently practice a policy on zero-corruption tolerance, but the present minister for foreign affairs has taken a more flexible approach in relation to fighting corruption.

Summary:

It is a very complex exercise answering whether or not activities taken by the private sector can be said to contribute to alleviate poverty. Can one say whether a community has improved their livelihood due to initiatives taken by the companies in the area, or is it due to initiatives taken from the government, NGOs or institutions. Is it a mix of them all that adds up to positive development, or what are the reasons behind the changes? It would seem relevant to carry out longitude research showing the sustainability of the different areas of intervention.

This means that we should not take actions towards measuring performance and effect. What speaks for using the Global Compact frame as the tool to structure CSR but also to measure performance is that it takes it departure in the eight MDGs, but also its simplicity and flexibility speaks for using GC. The fact that it is voluntary allows a company to make improvements at a speed that matches the company. On the other hand it can be discussed whether the 10 principles are too open making it difficult for a company to properly report on their performance. And what if one carries out initiatives that are not included in the ten principles how does it then count? Initiatives such as providing an ambulance, medicine and medical visits twice a month which in some way has been provided by all three cases does not fit into the frame but leaves it to the company to find relevant sources to report to. Such activities are of significant importance to the community. The same goes for transport and food arrangement. The company is not obliged by law to provide them, and is more related to ethical or philanthropic responsibilities.

7 Conclusion

This study has sought to explore how private foreign companies understand and practice CSR in Mozambique using Carroll's CSR Pyramid and revisited by Visser as a framework for the comparative and explorative study. The assumption was that there is no "one-fit-all" approach to CSR, but more likely several ways of embedding CSR.

Defining and understanding CSR

There is evidens showing that CSR is still in its initial phase, and it might be why it wasn't possible to find a common definition and understanding of CSR in the three cases. The Danish approach is much wider compared to the Mozambican approach that has a tendency to focus mainly on philanthropy.

However the three cases do raise several important issues regarding how CSR is understood and practiced:

- It will be necessary to find a common understanding of the concept in a Mozambican context avoiding that CSR becomes to unfocused.

- The importance of personal engagement and ethical behaviour as the drivers for CSR in a context where enforcement of legislation is weak, and where there is far less pressure for good conduct promoting sound governance.

- A need for flexibility in CSR approaches allowing a company whether it is a MNE or a SME to take the necessary steps at a pace that suits the size and resources available.

- Companies with intentions to invest in Mozambique will benefit from having access to local knowledge not only about the business climate, but also about more socially and culturally related.

Applying CSR

The three cases support the assumption that there is not one model that fit all, but that CSR rather differ in approach from case to case.

The empiral finding revealed that that even though CSR is more or less structured, terms related to CSR are being implemented at different levels in an organisation. Kjaer Group is a very progressive company both on paper and in implementing and they are addressing the four responsibilities in Carroll's CSR Pyramid. In the case of Dam Graphic and its Mozambican partner Typografia Globo lda CSR is not structured in the organisation. Economic responsibility with focus on being profitable is the driver for the partnership, but elements from the legal and ethical responsibilities were also revealed. Kenmare Resources plc on the other hand has shown profound effort when it comes to social community investment relating to both ethical and philanthropic responsibilities.

There are indications that even with no budget directly allocated to CSR but just by acting using common sense and with increasing its attention on issues related to workforce and environment the company can contribute to improve welbeing and livelihood for their employees as well as for their families.

Evidence of how CSR is practiced on the other hand also revealed that the base for CSR in Mozambique is limited. The companies were all mentioning a need for improved access to information and training opportunities related to how a company can apply CSR, but also capacity building on how to report its non-financial performance.

Secondary literature revealed that infrastructure such as roads, railways, airports and industrial ports are being upgraded in Mozambique to meet a growing demand for trade on a regional as well as on international scale. On the other hand it seems as if there is a potential to for the GoM to enter into dialogue with donor states and international institutions to provide an infrastructures which the private sector will need in order to be able to act as an e.g. environmental responsible company. If not in place there is a risk that CSR policies and strategies will fill the shelves rather than be implemented.

Business and development

Many African societies have become reliant on foreign aid, and it might be the reason why CSR in Mozambique is seen as equating with philanthropy contributing resources to the communities and improve quality of life. Economic responsibilities are the base, but as discussed the base includes more than responsibility to a company's shareholder. It is best described in Kjaer Group and their branch office in Mozambique, but also to a certain level in the partnership between Dam Graphic and Typografia Globo. With a wider approach including elements that relate to workforce together with philanthropic responsibilities they can contribute to development becoming an important ally reducing poverty in short term. It is on the other hand troubleful that legal responsibilities are given less attention, and even more worrisome is it if companies do not voluntarily take the responsibility and create code of conducts regulating its business in a sound and responsible way until existing legislation is better enforced. Needs for basic infrastructures or financing of welfare programs are still essential in Mozambique and it therefore opens for the legitimacy that philanthropic programmes plays in Mozambique supporting Visser placing philanthropic responsibilities on top of economic responsibilities.

With the variety of CSR approaches it is understandable if companies find it rather overwhelming when they embark on their CSR journey. One of the keys to unlock CSR would be to start demystifying the concept. Bring it down to a level where both MNEs as well as SMEs can participate. When this is said we need to remember that CSR is voluntary and it means that it is the companies themselves that end up setting the standard for how far they like to take their CSR. They are their own judges since there are no legal consequences if a company does not live up to their own vision and goals transmitting *philosophy and practice of CSR meaningfully* (Crane *et all*, 2008).

We cannot change the world over night, but we can try to push things in the right direction, and the growing interest in investing in Africa can contribute to change the picture seeing Africa as a business case rather than merely an aid assistance case. The study has showed that if companies take on them the role to act social responsible in a wider approach there are reasons to believe that the MDGs can be met by 2015.

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Appendices

Appendice 1: Recommendations to improve the base for CSR in Mozambique

1. *Map the CSR structure and relevant stakeholders*

First and foremost it would be relevant to map how CSR is structured in the GoM. What is its interest and role in CSR and what kind of support can a company obtain? It would be relevant to map on all three levels; national, provincial and district level.

Next, accepting that CSR is in its inception phase it would seem useful to map relevant stakeholders, their roles and interests, and which services they can provide concerning CSR. It would allow networking and improve exchange of experiences amongst companies that are engaged with CSR, or others that like to approach CSR but are unclear where to start.

2. *Board of advisors to the government*

Experiences from Europe are showing that elaborating a white paper about CSR is a complex and a time consuming process. The GoM could take a pro-active approach and establish a commission or board that would bring forward suggestions to the government on how CSR could be addressed assuring that local context is included.

Next, the government could benefit of advice on how they best could address CSR when it comes to "clean in front of ones own door".

3. *Establish a CSR Think-Tank*

The GoM could furthermore be inspired by taking a look at the Danish approach where the government created the Centre for social responsibility, also known as CenSa. It is placed under the Danish Commerce and Companies Agency (DCCA) and is acting as a think-tank, gives consultancy and carry out research on corporate social responsibility.

In Mozambique one could consider whether the CPI could serve as a secretariat for a Think-Tank. CPI is one of the first institutions that a foreign company passes by and it could make them an even more valuable partner by giving assistance on issues related to CSR and how CSR is understood in Mozambique. On a later stage it could be relevant to create provincial forums supporting the companies that are placed in more rural areas meeting the critic that seminars and workshops mainly are held in Maputo. The forum could act as a knowledge centre providing updated information on research, concepts, and tools. Elaborate material that can support businesses on their new quest. One could use the ISO 26000 and include a section that is devoted to how businesses can adopt to a Mozambican context.

4. *Establish a prize*

Establish a prize that can serve as an incentive for companies to do their utter in the name of CSR. The prize could have several categorise supporting the promotion of CSR as more as just philanthropic activities. It could have both a national and international category. Furthermore, one could suggest that the national category could be grouped into MNE, SME, and state-owned businesses. An award could be handed over at the annual Maputo International Trade Fair *(FACIM)*.

Appendice 2: Qualitative Interview guide

General kinds:

Name: _____

Age: _____

Gender: _____

Special kinds:

Position in the company:

_____

Number of years employed:

_____

Number of years involved with CSR activities:

_____

Question	Follow up questions	Probing
Motivation behind/Role (10 min.)		
There are many perceptions about CSR. How does the company define CSR?	Does the company think of CSR as an "add on" or "add to" element?	
Imaging a time line, which important milestones would you point out?	Which important milestones will 2010 include?	
Do the company believe that it should take an active role contributing to reduce poverty in e.g. Mozambique via its operations?	Which areas would have highest importance? How would it take place in practise?	Can you describe a success?
Applying CSR (30 min)		
Who is responsible for CSR?	How is it visual in the organisational structure?	
How does the company balance responsibility to *Marketplace, Workplace, Environment* and *Community*?	What are the motives behind the balance?	How does the company assure that e.g. national laws, international conventions are respected in the CSR strategy?

Question	Follow up questions	Probing
How does the company view Codes of conduct as CSR tools?	Can CoC replace legal action on e.g. employee protection legislation?	Does the CoC vary according to country context?
How does the company finance its CSR activities?	Have there been any changes during 2009 due to the financial crisis?	
How are (new) employees introduced to vision and goals concerning CSR?	Which mechanisms are used to ensure that vision and goals are rooted?	Can you give some examples of social responsible behaviour among your staff?
What have been the main challenges?	How have they been tackled? What would you like to improve?	Would it be feasible?
Accountability / Reporting (15 min)		
How will the company assess its CSR performance?	How are indicators elaborated?	
To whom does the company feel accountable?	In what way? What information is included?	Which channels are used?
Facing out question….(5 min)		
If you should mention one thing that could assist improving your work with CSR, what would that be?		

Appendice 3: Sampling list

CASE 1			
Kjaer Group A/S	HR manager	14/12/09	Danish
MotorCare, LDA Rua Paulino dos Santos Gil No. 141, Maputo, Mozambique	Managing director	11/02/10	English
	Logistic Manager	26/02/10	English
	Administrative Manager	26/02/10	Portuguese
	After sales manager	26/02/10	English
	Employee representative	26/02/10	Portugues

CASE 2			
Dam Graphic Aps	Owner and Danish partner	03/02/10	Danish
Typografia Globo Lda, Rua Paulino dos Santos Gil No. ??, Maputo, Mozambique	Owner and Mozambican parter	12/02/10	Portuguese
	Co-owner, and responsible for 'Marketing, clients and procurement'	22/02/10	Portuguese
	HR manager	01/03/10	Portuguese

CASE 3			
Kenmare Resources Rua de Chuindi 67, Maputo, Mozambique	General Manager	11/02/2010	English

Company	Position	Date of interview	Length of interview	Language	Web page
Danish Embassy, Av. Julius Nyerere, 1162, Maputo	Private sector coordinator	02/03/10	30 min	Portuguese	www.um.dk
World Bank, Ave. Kenneth Kaunda, 1224, Maputo	Privat sector Development Analyst	15/12/09	1 ½ H	Danish	www.worldbank.org
Norwegian Embassy, Av. Julius Nyerere, 1162, Maputo	Programme officer	09/12/09	1 H	Portuguese	www.norway.org.mz
Mozambican Confederation of Business Association (CTA), Rua de Castanheda 120, Maputo	Advisor to the board	14/12/09	1 H	Portuguese	www.cta.org.mz
Institute of Directors of Mozambique (IODMZ), Rua da Imprensa No 256, R/C, Loja No 4, Prédio 33 Andares, Maputo	CEO	10/12/09	2 H	Portuguese	www.iodmz.com
FEMA – Forum Empresarial para o Meio Ambiente Rua Ferrao Fernando Farinho 154, Maputo	Chairman of the board of directors	15/12/09	1 ½ H	Portuguese	www.fema.org.mz
3F (United confederation of Danish Workers), Av. Ahmed Sekou Touré, 2075, Maputo	Country manager in Mozambique	09/12/09	1 H	Danish	www.3f.dk
Ulandssekretariatet, Av. Ahmed Sekou Touré, 2075, Maputo	Programme coordinator	08/12/09	1 H	Danish	www.ulandssekretariatet.dk
Polytechnic University (ISPU), Av. Paulo Samuel Khankomba, 1011, Maputo	Professor	02/03/10	45 min	Portuguese	

The Ministry of Foreign Affairs (UM), Asiatisk Plads 2, 1448 København K	Chief Consultant in *Business and Contracts Department*	01/02/10	45 min	Danish	www.pppprogramme.com
IFU, Bremerholm 4, København	CSR director	28/01/10	15 min	Danish	ww.ifu.dk
CenSa (Centre for Social Responsibility),	Special consultant	28/01/10	20 min	Danish	www.samfundsansvar.dk
Håndværksrådet, Islands Brygge 21, 2300 København	Project manager (B2B programme and strategic CSR)	25/01/10	2 H	Danish	www.hvr.dk

Appendice 4: CSR guidance and labelling

OECD guidance: MNEs are recommended to follow the 'OECD Guidance for multinational enterprises' elaborated in 1976. It represents a nonbinding code of conduct of corporate behaviour addressed to the multinational enterprises operating in or from another OECD country. The main elements are: general policies; disclosure; employment and industrial relations; environment; combating bribery; consumer interest; science and technology; competition; and taxation.

The Global Compact principles: The UN Global Compact principles is a well known tool, and the fact that it is accepted across the world can open for a shared understanding of issues such a labour, corruption and environmental standards. It can best be described as a flexible and universally accepted frame of reference to promote corporate responsibilities. The frame consists of ten fundamental principles based on international conventions on Human rights (2), Labour rights (4), Environmental sustainability (3) and Anti-corruption principles (1) (Global Compact, online). It is a voluntary initiative and hence takes its point of departure in corporate self-interest in developing a responsible business. On their web page they say that *"[…] it is not a performance or assessment tool, but offers a policy framework for organizing and developing corporate sustainable strategies"* (Global Compact, online). In the beginning of 2009 more than 6.800 participants in 120 countries have signed the compact.

SA 8000: SA8000 is an auditable certification standard based on international workplace norms of International Labour Organisation (ILO) conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child (SA8000, online).

AA 1000: AccountAbility is a member-based organisation open to all organisations and individuals. AA1000 can provide an organisation with a set of principles to frame and structure the way in which they understand, govern, administer, implement, evaluate and communicate their accountability. The audit is international accepted (AccountAbility, online).

GRI Sustainable Reporting Framework: The framework sets out the principles and indicators that businesses can use to measure and report their economic, environmental, and social performance.