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The Impact of CSR on Corporate-Society Relations

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Abstract: *Business firms do not operate in a vacuum but operate in a community that harbors human beings who make up the society and the survival of business organizations depends upon successful interaction with the critical elements of the community. Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. The article discusses the impact of CSR in community development within the host and resettlement communities in Kwale, the very logic of CSR is towards seeing its impact in community socially, environmentally and economically and further how the impact affect the relations between the company and the community.*

Key Words: *Community development, competencies of CSR managers, multinational corporations, corporate-society relations*

I. Introduction

The issue of corporate social responsibility (CSR) has been debated since the 1950s. Latest analyses by Secchi (2017) and Jo, (2011) reported that the definition of CSR has been changing in meaning and practice. The classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business-society relations particularly referring to the contribution that a corporation or firm provided for solving social problems. In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Oliver Sheldon (1923, cited in Bichta, 2003), however, encouraged management to take the initiative in raising both ethical standards and justice in society through the ethic of economizing, i.e. economize the use of resources under the name of efficient resource mobilization and usage. By doing so, business creates wealth in society and provides better standards of living (Korhonen, 2013). The present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment (Foote, 2010). This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their employees and their families as well as for the local community and society at large (Gompers, 2013). The paper highlights the impact of CSR and how such as impact affect the community-company relations.

II. Literature Review

2.1. Impact of CSR on Community

CSR activities are now being undertaken and are causing an impact throughout the globe (Jo, 2011). Companies can exert an emphatic influence over the quality and credibility of its products in the market through its CSR activities, which has a great impact on society and also provides better synergy returns to their business. CSR is becoming an increasingly important activity to businesses nationally and internationally. Society expects the organization to be socially responsible as the economic environment of the society is dependent on the business environment. Socially responsible business is a common term today as business and societies are unthinkable without each other (Cornell, 2017).

Community developers must understand both how to work with individuals and how to affect communities 'positions within the context of larger social institutions based on social justice and mutual respect (Carroll, 1991). Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and procedures of goods and service. By doing so, corporations and community would stay in peace and harmony. This becomes a social capital that is essential in community development. (Casagrande, 2017) CSR can help in imparting talents whereby employees view their organization's commitment to socially responsible behavior more favorably; they also tend to have more positive attitudes in other areas that correlate with better performance (Jamali, 2017). They believe their organizations recognize and reward great customer service, act quickly to address and resolve customers. In relating to CD, good employees' perceptions on a corporation would lead to the community that treats the corporation as an important economic asset in the community. CSR can also help in transfer of technology (TOT). Secchi, D. (2017) focuses on three mechanism of international technology transfer: the flow of human resources; the flow of public-sector technology support; and the flow of private technology from MNCs to developing countries. He argues for greater mobility within and globalization of the world's scientific enterprise and reasserts an economic rationale for investing in public-sector research in the developing countries. CSR also helps in protecting the environment for example, with initiatives aimed at reducing their environmental footprint (Margolis, 2013). These companies take the view that financial and environmental performance can work together to drive company growth and social reputation. This attitude can only serve to enhance the employment value proposition such as interest in "going green" gains traction. Interdependency Between a corporation and community is another important role of CSR. The close link between a corporation and community is another aspect of CSR role in CD because in long run it creates sustainable development (Foote, 2010). Finally, CSR also offered support for corporate sustainability goals where the world over, companies have been taking their social role seriously for years, often under the banner of corporate sustainability (Secchi, 2017).

Five themes emerged from data that was collected from the field including Deception, which from the sociological context means a major relational transgression that often leads to feelings of betrayal and distrust between relational partners or company and community (Chen, 2013). The other theme was Failed Promises (used to refer to promises that were either never started or were started but implemented unsatisfactorily), next is Discrimination and Marginalization (the process of pushing a particular group or groups of people to the edge of society by not allowing them an active voice, identity, or place in it), then there is Fear and Apprehension (response to an imprecise or unknown threat), and last was Empowerment (which refers to the process of enabling or authorizing an individual to think, behave, and take action, and control work and decision-making about their job in autonomous, independent and self-directed ways).

2.2 Corporate-Society Relations

The phrase "community relations," narrowly understood, simply describes a company's interactions with the community in which it resides (Davis, 2016). The use of this phrase by businesses, the media, and students of business, however, almost always signifies something more than ordinary relationships and includes voluntary actions that either are (or can be interpreted as) done just for the good of the community (Cornell, 2017).

One way to accomplish this huge task is through community relations, which is the organized involvement of business in society, communities and the government. Most companies establish their own community relations department to interact with various stakeholders. The difference is that community relations is actually an extension of public relations and focuses more on media and community relations (Burke, 1999).

For industries from apparel to mining to agriculture, the worst supply chain disruptions often follow this trajectory: unnoticed community concerns, protests, strikes, halted operations, and revenue loss. While these events appear to be unique each time, the root cause lies in relationships with the local communities (Goel, 2018).

Corporations whose operations depend on engagement with communities should develop strategic community-engagement plans that account for operational demands, communities' expectations and needs, and local context.

Companies can enhance their community relationships by adopting the following four strategies:

Engage the community in a participatory process. Decisions about community engagement, contributions, and monitoring often take place in boardrooms far removed from the communities themselves. By involving community members in the process, companies can ensure ongoing communication and a positive, stable relationship (Korhonen, 2013). An effective strategy requires listening to stakeholder perspectives and priorities, asking for feedback, participating in face-to-face meetings that build trust, and implementing a mechanism for raising concerns and complaints (Chen, 2013).

a) **Keep communication ongoing and consistent.** As Freeport McMoRan Director of Social Responsibility and Development Tracy Bame noted in a BSR Conference 2014 panel, "With engagement, you cannot stop for a single second." Freeport's community-engagement teams in Chile have established one- and five-year plans for maintaining healthy community relationships through roundtables, one-on-one meetings, grievance mechanisms, open houses, and more(Friedman,2017). These two-way communication channels are critical for the company to both inform the communities as well as listen to their concerns and ideas. Communities need to be aware of company decisions and the rationale behind them, and their input should be incorporated into decision-making (Jenkins, 2014). Communication should be easily digestible and use straightforward, simple language that everyone can understand through local idioms, relatable stories, and examples.

b) **Focus on strategic investments linked to the core business and shaped by the community.** Companies traditionally have made donations to local sports leagues, food banks, or educational organizations to gain a social license to operate (Chen, 2013). But a more effective approach incorporates the communities' input on initiatives that will help sustain communities over the long term. These investments might be focused on socioeconomic development, job creation, job training, education, health, and more (Miller, 2014).

c) **Develop relationships with community leaders.** Companies can begin to build trust by developing relationships with community leaders, respected social and environmental organizations, health and education leaders, youth leaders, and role models (Phillips, 2012).. Getting the blessing of both formal and informal leaders can ease conversations with much larger groups within the community, and this inclusion and engagement of the broader community is essential. Relationships with leaders can also help company decision makers comprehend community culture, dynamics, expectations, and behavior (Davis, 2016).

Companies realize that in order to flourish they must respect and help their stakeholders. This idea has grown into businesses embracing corporate citizenship, through which businesses show commitment to ethical behavior by balancing stakeholders' needs and protecting the environment.

The impact of ownership changes expressed in the study affected the relations between the community and the extractive company (Carroll, 1999). In this study; the following social relations formed the theme of the study: Relations of Frustration and aggression, Relations of Trust and Relations of reciprocity and exchange, relations of social conflicts and relations of prejudice. The notion of types of social relations was first introduced by Secchi, D. (2017) in his groundbreaking work on the characteristics of social relations. A relationship can represent both positive and negative attitudes such as like or hate. The positive or negative charge of relationships is important on its own for the study of balance within social networks (Moskowitz, 2016).

III. Methodology

The study sought to examine the impact of CSR on Company -Community Relations between the mining communities of base Titanium Company based in Kwale, Kwale. The study was qualitative in nature, and adopted the following methods: In-depth interviews, key informant interviews, focused group discussion (FGD), observation and visual sociology. The study was carried out within the five divisions of Kwale County including Shimba Hills and Kikoneni where CSR activities were implemented by the successive mining companies but focused more at both the host site (Nguluku/Maumba areas) and at resettlement site (mainly Mrima Bwiti). Findings from the three month field research were used to inform this analysis. The study focused on the displaced residents of Maumba and Nguluku, majority of who were resettled at Mrima Bwiti with some scattered all over Kwale County. Some 80 semi-structured in-depth interviews were carried out among respondents both at the host and resettlement areas and principle of saturation used to arrive at the sample size of 60 respondents. Household heads comprising both men and women residing in both areas were interviewed. The researcher used Convenience sampling which allowed for an inexpensive approximation of the truth and which as the name implies, is a very convenient method since it can be used during preliminary research efforts to get a gross estimate of the results without incurring the cost or time required to select a random sample. Snowball sampling was particularly used to trace those who were resettled at Mrima Bwiti. Random sampling was also used widely in the study at both sites.

Rich qualitative data was obtained through face to face In-depth interviews involving direct, one-on-one engagement with individual participants using semi-structured questionnaires which allowed for follow-up questions, probe for additional information, and circle back to key questions later on in the interview to generate a rich understanding of attitudes, perceptions, motivations by monitoring body language and changes of tone and word choice to get a deeper understanding.

In-depth semi-structured interviews was also conducted with key officials (five in total) at the offices of Base Titanium company thereby enabling the researcher to know the history of and chronology of company ownership

changes as well as the list of the CSR projects and commitments initiated when the mining project first came into being, those inherited, those upheld as well as those initiated and improved by the present company.

The researcher also conducted Four Focus Group Discussions (FGDs), two at the host and another two at the resettlement site comprising between 8– 11 participants. Snowball and convenience sampling were again used here to select participants. The focus group was used to both measure the reaction of community with regard to the CSR projects as well as to help identify the specific CSR projects and their became of them right from the time when the mining project was started through to the present time. The condensed nature of a focus group made it both less expensive, less time consuming and possible to solicit a quantity opinions and feedback on multiple aspects of the CSR projects without the time intensive process of individually soliciting interviews.
Participants at the FGD also brought out other aspects of the topic that would otherwise not have been anticipated by the researcher and would not have emerged from interviews with individuals in addition to being used to counter-check information obtained from interviews with individuals. The other method used in the study was ethno-ecology [1] which focused on the ways people conceptualize elements of the natural environment and human activity within it and investigates how these concepts vary culturally as well as reveal universal aspects of human cognition.
It has traditionally focused on linguistic analyses of terms for plants, animals, habitats, and other ecological phenomena in attempts to reveal underlying structures of the human mind that influences human behavior. Basic human nature can be learnt by comparing data from many different cultures which in turn allows us to appreciate the amazing variety of ways that humans find solutions to environmental challenges.

The researcher also used the Key Informant Interviews[2]targeting respondents with specialized knowledge such as the extracting company officers/executives, chiefs and assistant chiefs, CSR experts, land and settlement officers and ministry of mining officers/geologists and the local community leaders. The researcher was able to discuss sensitive topics, get respondents' candid discussion of the topic, or get the depth of information that was needed (Weitzner, 2010).
Observational method was also used to gather data by watching behavior, events, or noting physical characteristics in their natural setting as compared to other methods.
Observation method helped the researcher gather empirical data which are difficult to obtain by other means, to supplement or verify information gathered by other methods. Observation also helped improve the quality of an initial behavioral analysis based on demographics, therefore increasing the validity of research (Jennifer, 2012). Through this method, the researcher was able to observe the research subjects in a natural setting, hence getting penetrating insights unavailable through other methods such as focus groups and surveys.
The tape recorder helped the researcher capture things that are not preserved in even the best researchers' field notes. So, regardless of how one analyzes the data or what is done with the visual record, the researcher also used a camera to record and preserve and present data of interest so it can be studied in detail.
Because of the qualitative and explorative nature of the study, thematic content analysis was used as a method of analyzing the data (Weitzner, 2010). A thematic analysis of the scripts of interviews was done and raw data broken into sentences to identify common themes and patterns. The five stages of thematic analysis were followed in identifying and coding emergent themes within the data and interpreting the themes (Namey, 2012). Thematic analysis was performed through the process of five stages according to the suggestions of (Terre Blanch et al, 2016). The five processes included familiarization which entailed becoming familiar with the data (Guest et al., 2012) inducing themes which refers to generating initial codes through inductive analysis (Terre Blanch et al, 2016), Coding where the researcher read the data carefully, elaboration which is the stage at which existing themes are defined and refined so that they are presented in the final analysis and interpretation where themes and data interpretation was presented (Bernnet , 2000).

IV. Results/Findings

The study found out that CSR programmes generally impacted positively on the community. A survey carried out by

[1]Ethno ecology is the scientific study of how different groups of people living in different locations understand the ecosystems around them, and their relationships with surrounding environments.
[2]Key informant interviews are qualitative in-depth interviews with people who know what is going on in the community.
This work is part of his PhD thesis, undertaken while at Moi University.* Corresponding author. E-mail addresses: gonairobi@yahoo.com, (George Odongo). 1 George Odongo has research interest in natural resource exploitation, social displacement, community-state conflict, ethno-ecology, vulnerability and policy.

the World Bank (June,2016) on the effect of CSR and other social welfare Programmes in Kenya found out that the Programmes significantly reduced human suffering by supporting day to day basic needs such as food and healthcare. This finding is also reinforced by the findings of Bernnet (2000) who wrote that CSR projects support community efforts to achieve better quality of life (QOL).This fact is further reinforced by livelihoods theory which emphasizes the importance of CRS activities in poverty alleviation and enhancement of livelihoods. The Livelihoods theory views both CSR projects and corporations as instrument for economic empowerment and wealth creation which are focused on achieving economic and social results.

But again as noted in the study, there were also disappointments due to some failed promises, deception and cases in which the CSR programmes were offered with discrimination on the part of the company.In one instance a married and 45 year old male farmer from the host site lamented thus:

> *When Tiomin left, a primary school at the resettlement site, and a secondary school at the host site were pending. Base never fulfilled the promise on the primary school and the government had to come in and constructed the Magaoni primary school. Would the construction of this primary school have bankrupted Base? To their credit Base constructed the Magaoni secondary school. But are there teachers in this school? No. So of what use is this school to us?* (Interview conducted, 18th August, 2018).

Another married and 27 year old male boda boda operator, married and based at the resettlement site criticized the company for failing to fulfill its promise with regard to the quality of the medical Centre to be built at the site. Said he:

> *The company built a dispensary here instead of a health center as they had originally promised. The dispensary is small and can hardly house a reasonable number of patients at one go. The facility doesn't even have a maternity wing! We feel both duped by this company. We feel terribly shortchanged. More so, the facility has no adequate medicine and medical facilities* (Interview conducted, 4th September, 2018).

The impact of the CSR programmes generally had a positive impact on the community but did not help improve community-company relations with most respondents maintained negative feelings against the company on account that the overall loss they had suffered as a result of the activities of the company was much more than the benefits they acquired through the so called company sponsored CSR programmes. This means therefore that despite the company's' great efforts to impress the local community, suspicion and conflict remained deeply rooted due to a feeling of inequality and not benefitting from the mining project. Then there is also the realistic theory; which talks about one's group gain is often due to another group's loss. The theory explains the scenario of a company entering into a profitable mining business at the expense of the local community which getsplunged into social and economic uncertainty.

V. Discussions and Conclusions

Instructively, CSR ownership change at the Kwale Titanium mining project created a significant positive impact on the CSR programmes whereby the new company embarked on a mission to improve the existing ones and establish new ones. As illustrated using a case study of Ghanaian companies where AngloGold's took over from Ashanti Goldfields in 2006 , Kenya's Titanium mine's policies on CSR and stewardship can, in fact, change – and often, quite radically (Jariwala, 2013).

The improvement of existing CSR programmes and establishment of new ones is in line with organization's commitment to assessing and taking responsibility for its impacts on environmental and social wellbeing through CSR which can take many several forms, but whose core purpose is to contribute to sustainable development carried out in a manner that is aligned with the expectations and needs of stakeholders (Chen, 2013). In Kenya just like in the case of Nigeria and many other countries, extractive companies focus on CSR Programmes as a way of uplifting the local community's economic conditions (Barnett, M. L., 2006). This finding here is consistent with the situation in Nigeria where most CSR projects record positive impact on the communities and where CSR programmes designed in a way as to offer maximum benefit and support to the communities (Carroll, 1999).

In Nigeria and South Africa, many companies focus on Community-focused CSR Projects and Livelihood Programmes such as agriculture and animal husbandry as a way of improving the local community's economic conditions as seen in the Kenyan case. This then lead to social and economic empowerment of the communities, a fact synonymous with instrumental theories (Jariwala, 2013) in which the corporation is seen as only an instrument

for wealth creation, and its social activities are only a means to achieve economic results as well as the basic idea about investment in a local community. As Friedman (2017) strongly stated earlier, the investment in the long run provides resources and amenities for the livelihoods of the people in the community. This is also in line with the views of neoclassical economists like Weitzner, (2010) who asserted that the function of business is doing business that contributes to society and economy and its function must not be confused with other social functions performed by nonprofit organizations and governments. In South Africa and Ghana, change of company ownership led to the situation where most CSR projects recorded positive impact on the communities (Guest et al., 2012). CSR project can affect company community relations either way depending on how the program is administered.

It is concluded that CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation among the three entities. From the social point of view, CSR should benefit community because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and intangibly. Since the current meaning of CSR is complex, knowing the theories allows scholars to have a better understanding about corporation-society relations, in which theories and practices of CSR are influenced by numerous economic and non-economic as well as internal and external forces. Roles of CSR in CD refer to the ways the responsible behavior is perceived by community of stakeholders and how impacts are felt by them. The analysis shows that CSR proved to have many roles and the brought impacts to the community as follows: Closer ties and interdependencies between corporations and community, sharing the costs the society has to pay due to environmental degradation, transfer of technology from international companies to developing countries, environmental protection measures that done together by corporation and the communities, poverty alleviation in the communities, human right advocacy, and helps in data gathering by ICT firms to facilitate public organization functions. For many corporation leaders, it is difficult to know where their responsibilities begin and end in relation to building infrastructure, creating economic opportunities, and access to core services such as health, education and poverty alleviation. Experience has made one thing certain that sustainable CSR solutions at community, provincial and national levels are based on partnerships between government, civil society and business. There are no specific qualifications required for this field. Because the field is new, transferable skills and knowledge from other related specializations such as environmental management, business ethics, transfer of technology, human resource management and community development, are valued and often shape the relation between the company and mining community.

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