

# Chapter 7

## The Landscape of Corporate Social Responsibility in Uganda: Its Past, Present and Future

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**Abstract** Corporate Social Responsibility (CSR) is a very old concept and practice in Uganda. Literature roots it in the African culture and values, which are well described by the African Traditional Society (ATS). Interestingly however, its formal and modern traces start in the years of 1950s, with the strategic twist gaining significance in the early 2010s. To date, no outstanding model of CSR describes Uganda, but the commonest is the stakeholder model of Freeman. Challenging though, CSR in Uganda lacks high level political back up (that is, it has no place at Ministerial, Parliament and cabinet level discussions). Promising, however, a set of laws and regulations exist in Uganda that individually or collectively promote the growth of different CSR facets/dimensions.

The socio-economic factors shaping CSR in Uganda are largely inclined to ensuring product safety, maintaining supplier relations, enhancing fair competition, improving quality of life of the society in which business operates, maintaining a good relationship with the community while fostering business development, and, desire to contribute to Uganda's development. Also CSR Managers in Uganda are largely motivated towards CSR by external factors such as attracting and retaining customers, enhancing reputation and operational efficiencies to achieve competitive advantage, rather than internal factors such as CSR policies, employee welfare and CSR reporting. CSR promotion agencies are increasing in number though few are outstanding. Various 'CSR Awards' are organized annually to appreciate socially responsible organizations. The challenge with these awards is that each awardee uses a different evaluation criterion. This reveals a mixed understanding of what CSR exactly means in Uganda. However, from whichever evaluation angle, the common traces of CSR dimensions are,—Employee issues, Market place, community/society, and environment.

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Businesses too (local and foreign), except a few multinationals, have less ‘*strategic engagement*’ in CSR, that is, CSR which breeds a win-win situation for both the CSR engaging company and the CSR activity targeted beneficiaries. The majority of companies’ (large, medium and small) CSR is skewed towards community dimension with marketplace dimension scoring less favor. Furthermore, most SMEs shy from CSR engagements largely due to the misconception that ‘CSR is a cost center, rather than a cost saver’. However, their counterparts (large firms) believe it is yet another form of business strategy and that its rightful intervention and engagement, carries competitiveness. Lastly, the future of CSR in Uganda apparently rests in the introduction and piloting of the ISO 26000 (a social responsibility guidance standard), which has been piloted by the standards body, Uganda National Bureau of Standards (UNBS). Simultaneously, companies that have been successful and proved knowledgeable in engaging in CSR are getting open to others by sharing best practices. This way they act as role models, a spirit which we can baptize as ‘champions helping others to be like them.’

## 7.1 Introduction

This chapter provides a three dimensional ground breaking record and rhetoric about how Corporate Social Responsibility (CSR) has evolved and transitioned in Uganda. That is, it gives its readers a lens into the (i) Past (*Historical Development*), (ii) Present (*Political handling and initiatives that promote CSR in Uganda, Socio-economic factors that influence CSR, and, The business community approach to CSR*), and lastly, i (iii) Future perspectives of CSR in Uganda. The originality of this chapter is vested in the fact that very often, scholars and practitioners of CSR in Uganda have fallen short of what this chapter/article calls, ‘critical background information.’ The authors and editor henceforth hope that with this write up, a milestone in studying Uganda’s CSR has been provided. To deliver to this milestone, this chapter has been structured around the subthemes that aggregately make up the three themes mentioned (Past, Present and Future). These are detailed below.

## 7.2 Historical Development of CSR in Uganda

Corporate Social Responsibility (CSR) is surely a very old concept and practice in Uganda. However, it is ought to have received its brand name, ‘CSR,’ after 1950s when formalized businesses started in Uganda (Nkiko & Katamba, 2010). Additionally, in 1950s Okot P’bitek relentless campaigned for societal ethical values thus giving limelight to the meaning and values of CSR. Efforts by Katamba, Christoph, Tushabomwe-Kazooba, and Haag (2012) contend that Uganda’s CSR

origin rests in the African culture, notably the African Traditional Society (ATS). These scholars narrate that in the ATS era (which dates centuries back from the year 1900), CSR was largely skewed to the 'community' dimension (concerns). E.g., if one society or family had a bad harvest, or a calamity, another society or family, was traditionally compelled to salvage it. Also if a family member died, the relatives had to assume responsibility of upbringing the children/orphans (Imbo, 2002). In fact, such responses to societal concerns saw Uganda's forefathers (in the ATS) forming the famous '*muno mukabi*' (loosely meaning, clubs responding to concerns of the needy fellows). We may comfortably claim that these clubs were 'the first organized form of strategic social responsibility in Uganda.' This face of CSR later modified and the focus extended to 'market place' when 'Long Distance Trade' was introduced in this country by Arabs in early 1840s in search for ivory and slaves. Years later, selected CSR details (of community and marketplace dimension) were shaped by the coming of the Church Missionaries Society (CMS) in June 1877 in Uganda. These missionaries shaped, transformed and amplified the ATS values (*say*, fostering discipline among community members, care for the disadvantaged, protecting rare tree species, etc.). For example, CMS introduced the concept of public health with the establishment of the Mengo Hospital in 1897 (the first public hospital in Uganda) as well as establishing elementary schools so as to extend reach and benefit of social goods. From these schools, houses of worship and hospitals, various social values of western origin began rapidly emerging in Uganda despite resistance from harsh cultural leaders (*notably*, Kabaka Mwanga of Buganda Kingdom, and Omukama Kabalega of Bunyoro kingdom). This resistance was due to the 'hidden' agenda behind the CMS's 'social responsibility,' that is, the purported exportation of western culture into Uganda. Years later (1894–1962,—colonial era) the CMS' hidden agenda was exposed, that is, Uganda was 'colonized' by Britain under the disguise of '*British Protectorate*.' Throughout this period, the ATS values got suppressed only to re-emerge after independence in 1962. The colonial era saw Uganda further deepening into economic and marketplace aspects of CSR and less of community. This was because Sir Harry H. Johnston (then British Commissioner of Uganda in 1900) was under strict British orders to establish an efficient administration, including swiftly levying taxes as well as rationalizing the activities of Imperial British East African Company (IBEACo) which had transferred its rights to the British government. Therefore, to date, in Uganda we see prevalence of five facets of CSR (workplace, environment, marketplace, economic and society/community) with community being the dominant facet (Katamba, Nkiko, Tushabomwe-Kazooba, Babiha, & Kemeza, 2014). That is, (i) '*Workplace CSR activities*' embeds those CSR activities a company engages in to directly benefit its internal stakeholders as they do their duties and jobs (largely staff). These range from voluntary staff development plans, setting up Crèches (*a designated place for taking care of staff's children usually aged below 2 years, while the staff is at work*). Standard Chartered Bank Uganda Ltd, and International Hospital Kampala are best examples on this), running health promotion programs (like cancer screening, setting up clinics, HIV/AIDS counseling and testing for staff, etc.). Similarly, (ii) '*Marketplace CSR activities*' (as amplified by ISO 26000 Standard) have evolved. These include

instituting internal mechanisms to counter or prevent unhealthy business and trading practices in the respective industry like corruption mitigation, voluntary disclosure of supplier selection criteria/tendering process, efforts to eliminate unrealistic/misleading advertisements or commercial communications, etc. The best example we may cite here is Nile Breweries (U) Ltd (*a subsidiary of SABMiller Plc, and a leading brewery company in Uganda*). This company instituted the Sales and Marketing Compliance Committee (SMCC) which under the leadership of an externally independent appointed Chairperson, voluntarily guides on, and filters all alcohol related commercial communications. Additionally, (iii) *Society/Community CSR activities* are largely characterized with donations towards solving community social problems both for the benefit of the organization engaging in the CSR and the community. Interestingly, if a detailed analysis is done with respect to these CSR activities, we only find no direct or long term benefit for the organization doing it/them, but mainly benefiting the community or environment for which the activity is being done. Marketing scholars (*see*, Kotler & Lee, 2005) and reputation literature (Van Riel & Fombrun, 2007) commonly refer to these CSR activities as, ‘*a good thing to do.*’ E.g., Stanbic Bank (U) Ltd donated a motor boat Ambulance to Kalangala district (a very remote district of Uganda and located in the middle of Lake Victoria,—the largest fresh water body in Africa). The boat would be used to help expectant/pregnant mothers in this remote and water surrounded district, be taken to hospitals for safe delivery (hence the bank contributing to promotion of maternal health). Similarly, Standard Chartered Bank (U) Ltd runs the ‘Seeing is Believing’ CSR activity. On this activity, the bank has so far donated more than two brand new ambulances to the Ministry of Health managed hospitals in remote areas of Uganda in addition to financing various eye clinics and operations/surgery. Furthermore, Bank of Uganda (which is Uganda’s central bank) has donated 10 million shilling (approx. US\$3500) recently (May, 2015) to a Catholic charity taking care of the disadvantaged children in Uganda in memory of Father Simon Lourdel ‘*Mapeera*’ (a Church Missionary Society employee who is believed to be the grandfather of introducing Catholicism in Uganda jointly with Brother Delmas Amans, ‘*Amansi*’). The examples for Community CSR activities are numerous and always much engaged in by both profit and non-profit making entities compared to other facets of CSR in Uganda. Henceforth, this write up renders it to be the dominant facet of CSR in Uganda. On the other hand (iv) *Economic CSR activities* have also currently emerged in high gear. Literature (Henriques & Richardson, 2005; Porter & Kramer, 2006) refers to these as ‘*Strategic Business CSR Engagement activities*’ because they largely sustain the economic agenda of the CSR undertaking company. These CSR activities are characterized by 50 % win for the CSR engaging organization and 50 % for the beneficiaries targeted by the CSR activity. The best example is Century Bottling company (a Ugandan based franchise for Coca Cola International)’s CSR activity which saw the company partnering with Techno Serve to promote fruits growing in Uganda. The farmers economically benefit when they get an income from fruits sales so that they can educate their children, have a decent life, etc. but also Century Bottling Company gets a raw material it uses for Minute Maid (a fruit drink). Another example is Nile Breweries Ltd.’s sorghum growing project it engaged into to help the war ravaged

northern Uganda people to rebuild their economic level after the over 20 years Kony LRA civil war. The brewery gets raw materials for its Eagle Lager brand, but the community is also benefiting equally like those of beneficiaries of the Century Bottling Company.

## **7.3 Political Handling, Socio-Economic Factors, and Initiatives That Promote CSR in Uganda**

### ***7.3.1 Political Handling***

Unlike most developed countries (esp. EU countries, Canada, and South Africa), ‘CSR’ in Uganda lacks high level political back up (esp. at Ministerial, Parliament and cabinet level). This was evident when Uganda’s president, His Excellence Y.K. Museveni once pronounced before manufacturers in 2009, that they should leave to government issues related to CSR, and instead concentrate on paying taxes. This political statement may loosely be taken to mean that paying taxes is the only social responsibility that businesses ought to pursue. Promising, however, a set of laws and regulations exist in Uganda that individually or collectively promote the growth of different CSR facets/dimensions. For example, Occupational Health and Safety Act 2006, Employment Act 2006 and Labour Union Act 2006, (all promoting the workplace dimension); Fisheries Policy 2000 (promoting the marketplace dimension), Forest Policy 2001, Land Act 1998 (Cap 227), Mining Act 2003, National Energy Policy 2000, National Environment Act Cap 153 (19 May 1995), Tree Planting Act 2003, Uganda Wildlife Act 1996, Cap 200 of 2000, Wetlands Policy 1994 (all focusing on Environment dimension); Wildlife Policy 1999 (community dimension), etc.

### ***7.3.2 Socio-Economic Factors That Influence CSR***

The works of Katamba and Sabine (2008), titled, ‘*CSR in Uganda: Perceptions, approaches and needs of companies,*’ attempted to provide exploratory socio-economic factors shaping CSR in Uganda. These scholars interviewed senior managers in charge of CSR (managing directors, chief executive officers, chief financial officers, marketing managers, public relations managers, CSR managers, Heads of corporate affairs and human resources managers) in companies operating in Uganda. They interviewed them using a structured questionnaire, which contained a total of 125 qualitative and quantitative questions. Additionally, they used focus group discussions (FGDs) involving one small and one very large company as well as website content analysis of selected companies (note that the information these scholars obtained from these companies websites was extracted without any alteration). Their findings indicated that ensuring product safety,

maintaining supplier relations, enhancing fair competition, improving quality of life of the society in which business operates, maintaining a good relationship with the community while fostering business development and, desire to contribute to Uganda's development topped the list of drivers (influences) to engage in CSR. Henceforth, a follow up study, "*CSR Management in Uganda: Lessons, challenges and Policy implications*," by Katamba et al. (2012), found that:

"[...] Managers are largely motivated towards CSR by external factors such as attracting and retaining customers, enhancing reputation and operational efficiencies to achieve competitive advantage, rather than internal factors such as CSR policies, employee welfare and CSR reporting," [p. 375].

To date, the socio-economic factors shaping and influencing CSR in Uganda can be classified as: (i) pressure from both political and business leaders, (ii) Increased complexity of stakeholders, (iii) Standards body. These are detailed below:

### **(i) Pressure from Leaders**

It had almost become a tradition by many businesses in Uganda to claim engagement in socially responsible activities. That is very often, company managers or executives could mention when on radio/TV talk shows, during corporate dinners, or social events (mainly sports & games events), etc. that, '... we have done this as part of our CSR.' Others (especially manufacturing companies) would mention of having engaged in tree planting so as to preserve the environment. However, absence of reliable and informative records of what impactful CSR they do/did (e.g., how many trees they planted and where exactly, or even the current status of those trees, plus the sustainable development impact the said CSR activity yielded), provides room to question the legitimacy of their claims especially for tax holidays or renewal of operating licenses in lieu of CSR engagement. Porter and Kramer (2006) mention that such CSR activities whose development impact can neither be traced nor whose records are not straight simply indicate that they are not enshrined into the company/organization's strategy, and we comfortably refer to these as 'by-the-way' CSR engagements. Henceforth, political leaders have mounted pressure to selected businesses (*especially manufacturing companies since they pose a very big environmental damage and risk*) to act responsibly. This pressure has yielded, though not yet on a large scale, changes in CSR from 'by-the-way' activities, to '*realistic social responsibility engagements*.' The Daily Monitor of 9th December, 2013 articulated one leader (a Honorable Member of Parliament):

"[...] It really disturbs me to see some of these investors who have made money out of taxpayer's money not having the courtesy of refunding what belongs to Ugandans not even taxes since there is no record of any corporate social responsibility (CSR) they are involved in that can exonerate them from taxes! ..." Mr. Alex Ruhunda (NRM Fort Portal Municipality).

### **(ii) Increased Complexity of Stakeholders**

Stakeholders are persons (both artificial and natural beings) that affect or can be affected by the decisions taken by any organization or business setup (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010; Lantos, 2001). This means even for CSR decisions and activities, stakeholder are central to their success or failure,

including having a buy-in (which is essentially embracing, endorsement) of these activities. Therefore, with respect to the concept of stakeholders, the socio-economic arena in Uganda is getting complicated day after day. This means previous stakeholders of a particular business or industry, have changed (or have expanded in number). The best example of stakeholder complexity is seen in the telecommunications industry. Formerly, Uganda Communications Commission (UCC) was the major stakeholder given its position as the industry regulator. To date, ‘consumer rights agencies’ like *Consumers Education Trust*, etc., are emerging daily thereby forcing telecoms to revise their marketing, pricing approaches, revisit their product offers and also forcing innovations in this industry to ensure ‘Value for Money’ for their customers. The pharmaceutical industry has also not been spared. For example, Katamba, Nkiko, and Ademson (2016) revealed that while a decade ago, the pharmaceutical industry realized its success with focus on a limited set of stakeholders today, it has to consider a multiplicity of stakeholders including cross-border stakeholders. These stakeholders include foreign medical practice regulators (*like*, Association of the British Pharmaceutical Industry—ABPI’s Code of Practice) since drugs have to be exported into other markets, national regulators, competitors, supply chain players, competitors, Researchers and Research users, etc.

### (iii) Standards Body

**Uganda** National Bureau of Standards (UNBS) is the national standards body. This statutory organization was established by an **Act of Parliament** of June 1983 and became operational in 1989. It is an agency meant to enhance national development through the application of standards in trade, industry and consumer protection. We can comfortably say that it is shaping the ‘Market place’ dimension of CSR in Uganda (Katamba, 2012). In 2013, UNBS participated as a standards agency for Uganda, in piloting ISO 26000 in Uganda, as part of a big project, “SR East Africa Project” that was meant to popularize the uptake of this social responsibility guidance standard (ISO 26000).

### 7.3.3 Initiatives/CSR Promotion Agencies

In Uganda, there are a variety of CSR promotion agencies. Katamba (2012) categorized these as ‘Role-players impacting on CSR awareness and advancement.’ Specifically, Katamba (2012) categorized these agencies into five. That is, (1) International Diplomatic Missions; (2) Development Agencies; (3) Multi-sectoral initiatives; (4) Civil society organizations; and (5) Academia/universities. These are detailed below:

1. International Diplomatic Missions—with a direct focus on CSR in Uganda
  - a. The Royal Netherlands Embassy. This is the recent mission to come up with a CSR strategy for Uganda following a 2015 country scan by its CSR agency ‘MVO Nederland.’ With a goal of ‘creating CSR awareness arising and

capacity building,' this embassy's initial CSR strategy (2015–2017) targets Dutch-Uganda linked companies operating in Uganda through the platform, 'Netherlands Uganda Trade and Investment Platform (NUTIP),' although it slightly extends to other selected companies and value chains.

- b. United States of America (USA) Mission,
- c. European Union,
- d. German Mission

## 2. *Development Agencies—with a focus on CSR*

- a. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- b. United States Agency for International Development (USAID)
- c. The Canadian International Development Agency (CIDA)
- d. Department for International Development (DFID)/UKaid

## 3. *Multi-Sectoral Initiatives.*

So far, the UN Global Compact—Uganda local network which currently has over 20 signed up organizations/companies in Uganda, is the dominant initiatives. However, UNESCO through the Uganda National Commission for UNESCO supported by the German Commission for UNESCO, has also started organizing Public Private Partnerships (PPP) workshops and consultations aimed at accelerating CSR uptake. The most recent consultations and workshop having taken place for a period 1st September to 3rd September, 2015 at Ridah Hotel, Seeta town, Mukono District (Uganda).

## 4. *Civil society organizations*

- a. *Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI)* is the leading Ugandan organization that provides CSR information and advisory services. It is also popularly known for its coordination role of private sector CSR activities in Uganda.
- b. *CSR Consultative Group (CCG)* initiated by GIZ, this is a network (though now undergoing '*voluntary dissolution*') brings together CSR promoting organisations in Uganda. Currently, it comprises of: CSR Chain Link, Institute of Corporate Governance Uganda, Living Earth Uganda, Makerere University Business School, Uganda Chapter for Corporate Social Responsibility Initiatives, and Uganda Manufacturer's Association.

## 5. *Academia/universities*

- a. **Makerere University:** This is the largest university in Uganda and it seems to be in the driving seat for the CSR agenda in Uganda from a formal education perspective. It runs different programs and projects that directly feed into the CSR agenda. E.g., at its *Centre for Research in Energy and Energy Conservation*, the university promotes renewable energy practices.
- b. **Makerere University Business School—MUBS:** It finances CSR related research projects which integrate CSR knowledge in its existing and new academic programs. The school also has a 'Leadership Centre' and 'Entrepreneurship Centre' through which it fosters its CSR activities like extending free basic business, leadership and management education. In addition, the

school runs formal higher business education in Luzira prison and it graduates inmates as part of its CSR. Also through its, 'Office for Coordination of CSR Studies,' MUBS tries to respond to society problems which after a careful analysis, are found to have a linkage with MUBS' core reason of existence, that is, to excel at 'business academics and research leadership.'

- c. *National Council for Higher Education (NCHE)*: This education regulatory body in 2011 financed a ground breaking CSR academic research, "Profiling Corporate social responsibility for private and private companies to liaise with government in the realization of MDGs." Since then, through it grants program, NCHE awards research grants that investigate CSR issues.
- d. Other universities involved in CSR-related seminars, conferences and training programs (though on a small scale) include: Bugema University, Kampala International University, Uganda Christian University and Uganda Management Institute.

## 7.4 The Business Community Approach to CSR

The CSR approach of the business community in Uganda is almost similar to what Visser (2008) found out in other developing countries. That is, irrespective of the nature and way of how the business community in Uganda approaches CSR, their contribution to economic growth though CSR is uncontested (Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014; Katamba et al., 2014). That is, their approach is a mix of many approaches but the most dominant ones are, (i) philanthropic approaches (which largely includes giving cash or physical items donations which do not as such, have a link with the engaging companies core business), (ii) strategic business engagements (where the engagement has a direct link with the core business of the engaging company) and lastly, (iii) business' staff-in-community volunteerism (where the staff of companies, voluntarily engage in betterment of social-economic community affairs).

This business community's approach in Uganda therefore tends to differ from critics such as Friedman (1970) who argued that profit maximizing remains the sole objective for a firm with very limited or no interest in what is happening in its environment. Hence we can argue that the approach of business community in Uganda, will significantly contribute towards community development as well as the general economic situation, a view which tends to support recent works of Visser (2015) about unlocking change for better and sustainable CSR engagements. However, this is not as soft as ought to be seen. That is, certain issues have to be dealt with. These are: (1) Understand focal CSR issues that are sustainably impactful; (2) Motive alignment to the approach of CSR given the nature of business set up (whether SME or Big company); and lastly, (3) understand the barriers that surround CSR engagements in Uganda. Below, we detail these issues.

### 7.4.1 Understanding and Focus Areas

A cross sectional sample of recently recognised CSR activities in Uganda's award winning companies is seen as a positive road map to strategic understanding and practising of CSR. It is important to note here that the word award winning has been used to refer to those companies that won the prestigious CSR accolades in Uganda in 2013, because their 'CSR had a focus,' and 'they exhibited a detailed understanding of what and why they engaged in CSR.' These awards are so far the highest standardized CSR awards (organised based on ISO 26000 social responsibility standard) for exemplary companies. They were jointly organised by CSR influential bodies in Uganda. These included: Uganda Investment Authority (UIA), Private Sector Foundation Uganda (PSFU), CSR Consultative Group (CCG), Uganda Chapter for Corporate Social Responsibility Initiatives Ltd (UCCSRI), Uganda Manufacturers Association (UMA), Uganda Small Scale Industries Association (USSIA), National NGO Forum and German International Cooperation [Deutsche Gesellschaft für Internationale Zusammenarbeit] (GIZ). Table 7.1 shows a cross section of sampled outstanding CSR activities for selected companies.

**Table 7.1** A sample list of CSR Award winning companies in Uganda and their understanding of CSR

Company	Understanding of CSR and focus areas
Kakira Sugar Limited (KSL)	KSL was the 'Overall winner' of above mentioned awards raiding on its environmental CSR initiatives like using bagasse to produce renewable energy during the process of making sugar. Their CSR is as old as the company itself. In labor practices, they employ over 7000 people. In education they have several schools starting with nursery, primary, secondary, to tertiary. Regarding health, they have hospitals that can accommodate 100 in-patients. It also supports other community health initiatives through its CSR arm, 'Kakira Out growers Rural Development Fund—KORD' and other partners in health like USAID
Standard Chartered Bank (SCB)	The bank was the winner in the category of 'Health Services the in community.' It runs a CSR project, 'Seeing is Believing.' SCB's partners on this project are 'Sight Savers' (an international eye care NGO), Ministry of Health, & Mulago Hospital (Uganda's only national referral hospital). The project has been running for 10 years. So far 80,000 clients have been diagnosed, treated and provided with affordable eye glasses where applicable. The project beneficiaries are across all districts of Uganda
Uganda Baati Limited (UBL)	UBL came second in the Health services category. It was recognized in workplace health and community involvement. Uganda Baati Limited through the Chandaria Medical clinic has strong CSR component in its offer of both free & subsidized health services to its employees and the surrounding communities of Tororo and Kampala Industrial area. Among the major services provided by the clinic include: Training of peer educators, Screening of cervical and breast cancer for the women, as well as general medication

(continued)

**Table 7.1** (continued)

Company	Understanding of CSR and focus areas
Airtel Uganda Limited.	The company has assisted rural schools under ‘Esomero Lyaffe Project’ ( <i>interpreted as</i> , ‘Our School Project’). The Project provides support to rural schools in construction of libraries, latrines, computer rooms, water harvesting tanks, classrooms and equipment. Examples of the beneficiaries include Ndeeba Church of Uganda and St. Pontiano Kangulumira secondary schools both in Kayunga District. This initiative has increased the intakes in these schools by over 40 % (from 1000 to over 1400 students)
Roofings Group Limited	This Group of companies fulfills all the legal requirements of labour. In addition they offer other services to staff. That is, a workers’ health facility with a standby ambulance, providing workers with well balanced meals, respecting the HIV/AIDS policy and conducting HIV/AIDS programs for staff. Lastly, the company periodically awards the best employees with trophies, cash praises and iron sheets
SESEACO	SESEACO is an SME in Uganda. The company carries out several activities aimed at improving the nutrition of mothers and children. They provide farmers with high quality seeds and the company buys the produce from farmers at fair prices. SESACO has a skills development initiative where they train interns especially those studying food sciences and technology and have partnered with foreign organizations to provide skills. Every year the company sends at least five people (staff, their suppliers and customers) to go for training in nutrition and food processing to USA, Rwanda and Burundi
Nile Breweries Limited	The company’s CSR is visible in ten priorities as summarised as: Discourage irresponsible drinking; Make more beer using less water; Reduce the company’s carbon Foot Print; Promote packaging reuse and recycling; Working towards zero waste operations; Have supply chains that respect company values and commitment; Respect human rights; Bring Benefit to our communities; Contribute towards the reduction of HIV/AIDS; Transparent in reporting progress

Source: Compiled from UMA (2014), and from the 2013 CSR Awards Jury notes

### 7.4.2 *Motives and SME’s Approach to CSR Verses Large Business Approach*

Research (UNIDO, 2002; Visser, 2008; Vives, 2006) into Small and Medium Enterprises (SMEs)’ motives and approach to CSR in developing countries has tended to be so much generalized. This means country specific studies (Uganda inclusive) are too scanty to guide academic debate and practice. However, entrepreneurship researchers in Uganda (*notably* Prof. Waswa J. Balunywa, Prof. Peter Rosa, and Rebecca Ddawa, among others) have consistently noted that most activities of SMEs in Uganda cannot be detached from their founders/owner’s direct interference and influences. By this, one can infer that the SME owner’s influence dictates how and which CSR to engage in. This inference is manifested in works of Nkiko (2013)’s study of 30 SMEs in Uganda, which found that:

**Table 7.2** Key differences between SMEs and large firms' approaches to CSR in Uganda

	CSR in SMEs in Uganda	CSR in large firms operating in Uganda
Organizational origin/driver of CSR	SME owner-managers are key drivers for SMEs' CSR engagements. That is, "... CSR is traditionally traced from owner-managers' self-satisfaction values such as culture, power, religion and status in their respective communities. The owner managers regard CSR as 'doing the right thing', which is primarily driven by intrinsic motives." (Nkiko, 2013, p. 391)	CSR is traditionally traced and drove by (i) corporate policies, (ii) corporate business objectives like build brand loyalty, being supplier/business partner of choice, etc., and also from (iii) international business frameworks like ISO 26000, OECD, CERES, UN Global Compact, etc.
Perception	CSR is perceived as a cost center	CSR is perceived as a strategy for risk mitigation or prevention (Porter & Kramer, 2006) as well as opportunity maximization (Grayson & Hodges, 2004)
Scale of engagement	Usually on a limited scale with generally not much tangible/measurable development impact since it is much limited to the owner's decision and interest	Large scale engagements with far reaching development/measurable impact since it is usually inclined to a big national issues or development agenda (like Sustainable Development Goals (SDGs) formerly MDGs targets, see Katamba, Nkiko, Tushabomwe-Kazooba, Babiha, et al., 2014; Katamba et al., 2014)

Source: Author generated

"... CSR activities in SMEs in Uganda are a clear reflection of the specific owners' beliefs, desires or experiences that drive their engagement in CSR."

He further observed that.

"... Understanding the individual at the heart of the SME is the basis for understanding the firm's CSR direction."

Therefore, our review of the above SMEs-CSR related literature reveals that the approach to CSR in SMEs tends to be totally different from that of large firms. This is shown in the Table 7.2:

### 7.4.3 Perceived Barriers

A variety of barriers in Uganda hinder the business community from engaging in CSR (Katamba et al., 2012; Katamba, Nkiko, Tushabomwe-Kazooba, Babiha, et al., 2014). These were grouped into three broad categories as, "physical, institutional and operational challenges"... (Katamba et al., 2012, p. 383). These aggregate include inadequate infrastructure like roads and communications networks around the country [*physical challenges*] though the government has a robust

program to solve this through its agency, Uganda National Roads Authority (UNRA). Additionally, there is lack of policy guidelines for CSR specifically at national level though at organizational level. However, efforts have been observed by CSR Consultative Group and Uganda Chapter for Corporate Social Responsibility Initiatives (UCCSRI) amongst selected companies to have CSR Policies. Also there is lack of very reliable data about social issues that would inform corporate organizations to engage in CSR. Furthermore, there are budgetary constraints for CSR activities, and this makes many CSR activities unsustainable.

Recent research (Katamba et al., 2014), that examine “*Integrating corporate social responsibility into efforts to realize the Millennium Development Goals: Lessons from Uganda*” unearthed seven impediments to private entities full intervention into CSR. Of these, ‘corruption’ ranked first, the ‘cost of doing business’ which impacts negatively on the CSR budgets and priorities (p. 324)”, while limited understanding of the concept of CSR ranked last.

## 7.5 Future Perspectives of CSR in Uganda

The future of CSR in Uganda can be seen preliminarily from two perspectives. (i) A perspective which embraces ISO 26000 (a Guidance Standard for Social Responsibility) since this has been piloted in Uganda already; and (ii) a perspective of how companies that are CSR responsive, communicate their engagements. This is alluded below:

### 7.5.1 Adherence to Standards

Uganda is a country with many laws and standards that relate directly or indirectly to CSR, however, most of them are not adhered to (Nkiko & Katamba, 2010), or are implemented selectively. This leaves questions of whether institutionalizing CSR should be cross examined (Nkundabanyanga & Okwee, 2011). The laws available relate to labour practices, human rights, environmental protection, to fair trading practices, among others. For details, please see section above, on “*Political handling and initiatives that promote CSR in Uganda.*” However, for purposes of this write up (book chapter), we borrow from a typical social responsibility standard (ISO 26000) championed in Uganda by Uganda National Bureau of Standards (UNBS).

ISO 26000 was released by International Organization for Standardization (ISO) in December 2010. Uganda was among the signatories and active members to see the roll out of this standard. Started with MENA Region (Middle East and North Africa), piloting ISO 26000 in Uganda started in January, 2013 with five companies/organizations (MTK Uganda Ltd,—then Cooper Uganda Ltd, an agricultural inputs supply company; Kampala Capital City Authority,—KCCA; Uganda Baati Ltd,—a steel manufacturing giant in Uganda with foot prints in East and Central

Africa given its belonging to the SAFAL Group; Housing Finance Bank,—a historical giant commercial bank in Uganda; and, Uganda Chamber of Mines,—an umbrella organization for mining companies in Uganda). The above piloting initiative which was spearheaded by the Uganda National Bureau of Standards (UNBS) justified ISO 26000's intention to promote common understanding in the field of SR, and to compliment other instruments and initiatives for SR, and not to replace them (*see*, Abstract to ISO 26000).

Based on the findings from one of the pilot companies, CSR experts (Katamba, Nkiko, Tushabomwe-Kazooba, Babiiha, et al., 2014), moved on to ascertain the extent to which companies have moved into embracing CSR related standards, notably ISO 26000. They used case study methodology and documented how a company can use the social responsibility standard, ISO 26000, to guide its CSR aimed at contributing to Sustainable Development Goals (SDGs) formerly, Millennium Development Goals (MDGs). They focused on the CSR dimension of community involvement and development (CI&D) interventions in health-related MDGs (4, 5 and 6). These scholars gathered data through non-participant observation of CSR activities and projects plus semi-structured interviews with CSR managers of a very large company (SAFAL)'s subsidiary, Uganda Baati Ltd. The researchers employed pattern-matching, explanation building and time series analysis so as to validly make their assertions. Henceforth, in their research output: "*Community Involvement and Development: An intermarriage of ISO 26000 and Millennium Development Goals.*" For example, they unearthed that:

"... ISO 26000 is intended to promote common understanding in the field of SR (esp. in Uganda), and to compliment other instruments and initiatives for SR, and not to replace them. ... "we therefore find ISO 26000 as providing guidance to realizing MDG Targets, that is, the MDG framework presents targets to aim at, while ISO 26000 outlines explicit steps to show how to achieve those targets (p. 855)."

From the above perspectives, we may comfortably infer that whereas there has been a bevy of CSR activities in Uganda, with considerable mismatch in strategies, the emergence of ISO 26000 presents hope and future for sustainability of Uganda's CSR. That is, with the set of guidelines offered in the standard, companies that embrace the standard await reaping big from their CSR. Reaping could be through, strategic competitiveness based on CSR, a view earlier amplified by works of Porter and Kramer (2006). Additionally, they will have win-win situations where society and businesses benefit from CSR activities as opposed to one sided win.

### 7.5.2 CSR Reporting and Communication

The notion, '*CSR Reporting and communication*' is premised on the fact that every social responsibility a firms does, sends a message (CSR Consultative Group, 2014). Because of this premise, researchers of CSR (Cramer, Jonker, & van der Heijden, 2004; Starbuck & Milliken, 1988; Waterman, 1990; Weick, Sutcliffe, &

Obstfeld, 2005) have connected CSR Reporting and Communication to foot prints of ‘*The theory of sense-making*’ advanced by Karl Weick (see, Weick, 1995). That is, sense-making involves structuring the unknown (like designing the CSR messages) by placing stimuli into some kind of framework (say a CSR report, newsletter, memo, etc.) that enables us (stakeholders/users of the CSR information) to comprehend, understand, explain, attribute, extrapolate, and predict what would happen in the future (Starbuck & Milliken, 1988, p. 51). This means that building on the theory of sense-making, the future of Uganda’s CSR reporting and communication is typical of Morsing and Schultz (2006)’s works. That is, these scholars’ attempts to reveal what message or information stakeholders look for in CSR reports or in CSR communications, mentioned that:

“[...] Messages about corporate ethical and socially responsible initiatives are likely to evoke strong and often positive reactions among stakeholders...” (Morsing & Schultz, 2006, pg. 323).

Therefore, a recent study of Uganda’s CSR award winning companies, conducted by CSR Consultative Group (2014), revealed that the future of CSR reporting and communication in Uganda, rests on a critical examination of these four aspects:

- (i) *Understanding what CSR communications and reporting really means.* That is, companies operating in Uganda have started delineating between other forms of communications (like Advertising, marketing campaigns, etc.) from CSR communications.
- (ii) *Putting in place policies to aide solicitation and production of CSR communications.* These policies revolve around (a) *Transparency*, and, (b) *Accountability*, of what is being reported and communicated on. For example, when asked: ‘What is your Policy on communicating and reporting corporate social responsibility (CSR)?’ The Corporate Affairs Manager at Standard Chartered Bank Uganda Ltd (SCBL) replied:

“... SCBL supports the participation of all employees in helping the Bank build its reputation through accurate communication of the Bank’s key messages about CSR and other publically available information. Since employees may be perceived to be spokespeople for the Bank even if they are communicating in a personal capacity, such as on blogs or online social networks, the Bank emphasises the need for them to use appropriate judgment in what they say and add disclaimers where appropriate.”

- (iii) *Effective stakeholder engagement in CSR communications and reporting.*

Here, companies and Businesses operating in Uganda take their CSR/sustainability communications to the next level, with best practice on employee, supplier and customer engagement techniques so as to enable the users of their CSR information to see and derive value from what they read. They believe that it’s even more important for any business to talk to local stakeholders before talking to other groups, because these are the stakeholders who are likely to spread the news about what is happening in their locality. If you don’t bring the local people on your side really quickly, the consequences are that you may have to fight damaged reputation and bad mouth. This was stressed by one respondent as shown below:

“[. . .] Kakira Sugar Ltd (KSL) often takes initiative to consult and engage the Government and local stakeholders to ensure that everything complies with the law, no duplicity of plans and to determine if there are any risks involved in the particular projects. Some of KSL’s outcome of such a collaborative stakeholder communication and engagement model has been Special care and sponsorship of many orphanages and old people’s homes in and around the country,” (Assistant to General Manager, KSL)

- (iv) *Fitting your CSR communications and reporting into the global perspectives* (like Global Reporting Initiatives—GRI; SAM; Dow Jones Sustainability Indices—DJSI, and social responsibility guidelines—ISO 26000; etc. This makes your CSR information and reports credible and trusted, as echoed below:

“... we recognize that our sustainability as a business depends not only on our economic performance, but also on the way we manage our social and environmental impacts. We seek to maximize our positive impacts, creating value for our stakeholder while improving our own performance. That is why every year, alongside the Annual Report, we publish a Sustainability Report that encompasses the Diageo business across the world. We have global codes, policies and standards covering various aspects of reporting sustainability and responsibility that Uganda Breweries as a subsidiary of Diageo signs up to. This also stems from our code of business conduct. (Corporate Relations Manager, Uganda Breweries Limited)”

## 7.6 Conclusion

CSR in Uganda has evolved to a moderately known concept and practice for both small and big companies. It should be however noted that this evolution has its roots in the forefathers of the Ugandan community. Additionally, culture (rooted in the African Traditions Society,—ATS) as further modified by the coming of Arabs and Christian missionaries, shaped the minds of Ugandans into what we now see as ‘CSR’ emerging from the famous ‘muno mukabi (*Self Help initiatives*).' Important to note, is that, ATS, Arabs and Christian missionaries, furthered ‘community CSR activities.’ Meanwhile, the emergence of Long Distance Trade (LDT) which later culminated into formal business/commerce that saw Asians (like Mr. Shri Nanjibhai Kalidas Mehta,<sup>1</sup> and, Mr. Manilal Premchand

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<sup>1</sup>Shri Nanjibhai Kalidas Mehta is the founder of The Mehta Group (one of the largest holding companies in Uganda with over six subsidiaries but large companies trading in almost all sorts of businesses in Uganda,—**Cement and Building Materials, Packaging, Sugar, Horticulture & Floriculture, Engineering, Electrical Cables, Consultancy, Agro Chemicals, Trade and Financial Services and International Trade., etc.**). He was endowed with exceptional entrepreneurial abilities. He was a true humanist with deep philanthropic generosity. He is regarded as an ardent nationalist and a contemporary of the Father of the Nation who practiced the doctrines of the Mahatma Gandhi. He was born at Gorana village, near Porbandar in the State of Gujarat in India, on 17th November, 1887. Driven by a spirit of adventure, he set sail to the shores of Africa at age 13, in the year 1900.

Chandaria,<sup>2</sup>—popularly known as ‘Manu Chandaria’) entering Uganda’s business environment towards the end of the nineteenth century, account for the growth of current ‘marketplace CSR activities.’ Apparently, even Ugandan owned enterprises are now embracing CSR though on a low scale. Worth noting is that, whereas ‘environment CSR activities’ (like tree planting, recycling, waste disposal, etc.) tend to be more pronounced in Uganda, very few outstanding projects/activities are documented. It is also important to recognize that whereas meeting legal requirements in the basic CSR minimum standard any company/organization is expected to do, a lot of laws in Uganda are not adhered to. This is mainly attributed to a weak/selective enforcement regime and/or an easily corruptible environment. It therefore becomes a myth to legalize or in any way, regulate activities regarded as CSR. Promising however, the birth of ISO 26000 which has been piloted in Uganda, is seen as some light to strengthen and perfect CSR interventions in Uganda. This is because the standard offers far much better and detailed social responsibility guidelines than legal requirements, which even CSR novice organizations/companies, can take on. Additionally, hope for Uganda’s CSR is vested in the aggressive approach to create awareness by different diplomatic missions, development agencies, NGOs, CSOs, as well as the academia.

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<sup>2</sup> Born on 1st March 1929 and based in Nairobi Kenya, this billionaire has successful businesses in over 40 countries. He is an Asian well recognized for philanthropic works. He has won several awards internationally, including, ‘Order of the British Empire (OBE)’ by Queen Elizabeth II.

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