CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL POLICY IN ZAMBIA

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THE PURPOSE OF THE DISCUSSION

- This paper maps out corporate social responsibility in Zambia since 1964 and highlights its critical imperatives, under successive political regimes and ideologies.
- It also attempts to establish the manner in which corporate social responsibility has influenced the development of social policy in the country from the colonial times to the present.
The driving force behind the colonisation of Zambia was the discovery of mineral wealth, especially copper. The first mineral deposits of copper were discovered in 1903.

Henceforth, the copper industry would dominate and define the country’s development prospects in years to come.
The mining conglomerates of the Roan Select Trust (RST) and the Anglo-American Corporation (ACC) greatly influenced colonial social welfare policy by directly investing in human well-being.

However, a welfare system that favoured persons of European descent over other racial groups was in place in colonial Zambia. Racial classification was also designated in the following manner:
(a) People of mixed-race origin or “Coloureds” were accorded social services a notch lower than those of Europeans; (b) Asians or Indians were located below bi-racial people; and (c) lastly, on the social ladder were the Africans who received minimal or no state attention at all. Colonial Zambia’s social interaction was premised on the racist settlers’ ideology known as the colour-bar system.
In this setting, corporate social responsibility had racial biases. Europeans had far much better services both in quality and quantity than their African counterparts. The mines had become responsible for the provision of housing and “hygiene”. This form of patronage also extended to wages and food, various other social services, recreation clubs and cinema shows for the workers.
POST-COLONIAL ZAMBIA – THE 1960s

- In spite of the fact that Zambia was a leading copper producer and exporter - the profits were not re-invested into raising the quality of life of Zambians or development of infrastructure.

- There were high poverty levels at independence and political freedom did not initially translate into human well-being for the majority of Zambians.
The government began to tilt the mining industry in the favour of development from the said period.

By 1969, Zambia was classified a middle-income country, with one of the highest GDPs in Africa, three times that of Kenya, twice that of Egypt, and higher than Brazil, Malaysia, Turkey and South Korea.
The new Zambian government had tried to convince big business to come to the fold and be a partner in the development of the newly independent nation. However, the mining giants were only interested in expropriating profits overseas.

Consequently, on 19 April 1968 all foreign and expatriate enterprises were nationalised.
From 1968-1991, the state was the key actor in shaping the economic and social development agenda of the country. Nationalisation of foreign firms also paved the way for the creation of parastatal organisations which became major catalysts in the area of social investment.

These organisations were also channels, through which government could begin to increase the scope of social welfare provision, raise employment and reorient economic activity in various ways.
Firms were compelled by the State to engage in CSR in fundamental ways. CSR was no longer targeted (i.e. only focusing on employees of particular organisations) or *ad hoc*, but was redefined in a more comprehensive way.

From 1973 onwards, the government marshalled a lot of resources for social investment from the nationalised mining firms and the newly created parastatals.
In pursuance of the vision of an egalitarian society that was guided by Humanism, the government, invested heavily in education and health infrastructure such as the University of Zambia (UNZA), the University Teaching Hospital (UTH) and thousands of schools, colleges and district hospitals which did not exist in the colonial era. These facilities opened up socio-economic opportunities for many previously disadvantaged Zambians.
The mining conglomerate - the Zambia Consolidated Copper Mines (ZCCM) – that materialised from the nationalisation of the Roan Selection Trust and the Anglo-American Corporation became a major player in CSR in the country thereafter.

ZCCM mirrored the state’s developmental philosophy and supplied social amenities much wider in scope than those offered during the colonial period, including free education for miners’ children, alongside subsidised housing and food, electricity, water and transport.
ZCCM literally operated a “cradle to grave” welfare policy, even subsidising burial arrangements for the dead. Emphasis of CSR was on the provision of free or subsidised social services as a way of reducing poverty. Their scope covered: agriculture, education, health care and sports, and recreation activities.

The overarching thrust of CSR in this era was employment creation and job security.
POST 1991 – ECONOMIC COLLAPSE

Zambia which had created a comprehensive welfare system could no longer guarantee services to its citizens. Companies that offered heavily subsidised social services were operating below par and merely became drains on the economy. The downturn of the economy had effectively began after 1974.
By 1991, there was a regime change and a resultant liberalisation and deregulation of the economy. Many state-owned firms were privatised. There were also resultant retrenchments of workers in line with the IMF/World Bank’s SAPs.

There was a considerable reversal of Zambia’s fortunes as regards corporate social responsibility with the onset of the privatisation programme. It can be noted that there was a swing from one extreme position to another in this matter.
The economic reforms had increased poverty levels in the country as well as social dislocation. Privatisation did not provide the envisioned solutions to the Zambian government and CSR was virtually non-existent during this period.
A new government was elected in 2001 and adopted a cautionary approach towards privatisation. From 2002, Zambia’s economic prospects changed for the better. The country’s GDP grew by an estimated 5.8 per cent in 2006. The country also exhibited a single inflation rate of 9.3 per cent in decades (as of September 2007).

In spite of the positive outlook the benefits have not trickled down to the rest of the population. The living conditions of the majority of Zambians are still very unsatisfactory.
About 70 per cent of the population are living below the poverty line. New mining firms have been reaping huge profits and paying very low corporate tax of 25 per cent as well as royalties of 0.6 per cent (which are one of the lowest in the world).

Presently, there is no clear legislative framework governing CSR in Zambia. There are no tangible guidelines for firms on how to implement CSR in the country. In 2006, the government made proposals for the development of a policy on Public-Private-Partnerships (PPPs).
There remains little consensus on the meaning of the term, or indeed on its usefulness, and it is not widely employed.

For some it is simply charity activities, ranging from regular sponsorship of sport, especially, football, to irregular and one-off approaches, for example, giving out presents on Christmas day to hospital patients or donations to orphanages, widows.
POLICY PROPOSALS/IMPLICATIONS

- CSR should be linked to the government’s broad development agenda and more specifically, its social development goals (i.e. poverty reduction). CSR will then become a public policy issue.

- Government has to create an environment where clear and meaningful partnerships are established with the private sector and civil society organisations. The latter can used to act as implementers of firms’ CSR programmes, especially at community levels.
In the context of Zambia, a strong intellectual orientation to CSR is needed and in this paper the Community Development tradition is advocated. Therefore, the starting-point for corporate social responsibility would be the community.

There are valuable lessons to be learned from the first post-colonial Zambian government which can be modified for contemporary times.