CORPORATE SOCIAL RESPONSIBILITY AND STAKEHOLDER SATISFACTION IN ILLOVO NCHALO MALAWI'S AREA OF OPERATION

MA (DEVELOPMENT STUDIES) THESIS

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Declaration

I, Sheena Kayira, declare that this thesis is my own unaided work. It is being submitted in partial fulfillment of the requirements for the degree of Master of Arts in Development Studies in the University of Malawi, Chancellor College and has not been submitted before for any degree or examination in any other university.

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Certification

The undersigned certify that this thesis represents the student’s own work and effort and has been submitted with our approval.

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Dedication

This thesis is dedicated to my dad, my mum, my husband, my daughter and my sisters for all their love and support.

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Abstract

Corporate Social Responsibility is an important factor in the development arena, because its programs address a wide array of social and economic issues which include poverty alleviation through activities like education, health-care provision, infrastructure development and employees' welfare consideration. However, the concern is that a lot of companies may only be engaging in purely strategic and rhetoric CSR in order to meet their business goals, and not really considering the needs of all stakeholders. This study therefore sought to mainly investigate if the stakeholders in the area of operation of Illovo Sugar Malawi Limited, namely the local people and employees, were both satisfied that the corporation's CSR was contributing to improving their livelihoods. Applying the stakeholder theory, the study examined the relationship between the company's CSR and stakeholder satisfaction. A qualitative research approach was mainly used to effectively achieve this goal. Exploratory data was generated and analyzed using content analysis, while the relationships between the CSR variables- namely philanthropy, employee welfare, healthcare assistance, education assistance and infrastructure development- and the stakeholder satisfaction variables, namely stakeholders' attitude towards the company and stakeholder-company relationships, were measured quantitatively using Statistical Package for Social Scientists. The study found that the company was not impartial in its CSR initiatives towards the stakeholders in its area of operation.

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List of Abbreviations and Acronyms

CD	Community Development
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
FGD	Focus Group Discussion
KII	Key Informant Interview
SPSS	Statistical Package for Social Scientists
WBCSD	World Business Council for Sustainable Development

Chapter 1

Introduction

1.0 Background

Corporate Social Responsibility (CSR) has emerged as a concept, idea, initiative and phenomenon in various contexts involving different actors in the world of business, economic development and welfare orientation. The World Business Council for sustainable development (2006) defines CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large. The purpose of this study was to mainly investigate if there is a relationship between the CSR activities of Illovo Sugar Malawi Limited and stakeholder satisfaction, in order to establish whether the practices are yielding benefits and meeting the various socio-economic needs of the stakeholders in the area the company is operating from, leading to the advancement of their livelihoods. The study focused on the CSR activities of Illovo because the company has an internationally and nationally acclaimed image and hence the society has high expectations of it in as far as social responsibility is concerned.

CSR is an important strategic issue and has been adopted by a number of companies in various industries (Moura-Leite, 2011).Corporations have realized that they have to consider the interests of customers, employees, shareholders, communities and various other stakeholders in all aspects of their operations. The stakeholder consideration of

CSR varies in different contexts depending on different factors that may come into play. CSR activities in developing countries, for instance, depend on the socio-economic environment and they specifically aim at addressing issues like poverty, education, infrastructure development, and health-care provision while developed countries pay their attention to green business, fair trade, climate change concerns, socially responsible investments, among others (Amaeshi et al., 2006). In essence, CSR in developing countries may be broadly seen as being aimed at contributing to improving the well-being of the people.

Malawi is one of very few countries whose private sector definition of CSR is still focused upon merely benefitting the wider society only through the charitable allocation of finances, in the form of cash donations or material equipment, to development projects such as schools, institutions, medical centers or individuals. Even companies that are considered as prominent are indulging in the same, for example, the donation of computers by the Reserve Bank of Malawi to a vocational center in Chiradzulu (Nyondo, 2011). It is worth noting though that a few businesses are complementing the traditional, short term type of CSR with long-term and sustainable contributions to the society for one reason or another. Whether this new strain of enterprise enhances business while also contributing to societal wellbeing by directly benefitting the poor and leading to higher quality of life and more productive jobs may best be answered by the initiatives' beneficiaries. Illovo Sugar Malawi Limited, a company listed on the Malawi Stock Exchange Market (Chiyembekeza, 2012), is one company that reports to have embarked on both philanthropy and projects which are presumably economically-sustainable models for rural and staff development.

According to its most recent annual report (2011), the company ensures that the infrastructure in the rural areas of its operation is generally improved or provided where it is lacking. Examples are the provision of clinics that are available not only to its employees but also to their dependents and wider communities at large; housing; electricity and water; and educational assistance to several schools through building and rehabilitation of classrooms. The report further points out that as part of the group's social responsibility program, Illovo Malawi also provides financial and other support to a wide range of social welfare and community development activities. Maize is grown on the Nchalo Estate to assist the Government of Malawi with its goal of achieving food security whilst the company provides on-going support to various feeding schemes throughout the country by providing school-going children with porridge on a regular basis.

Further, on the employees' front, the group believes that an effective employee development program is important for the sustainability of business and therefore institutes various staff training programs with on-going technical skills development and transfer programs aimed at achieving continuous improvement across all levels of the organization (Illovo, 2011). The company carries out business understanding programs that assist in developing effective sharing of relevant information which enables employees to better understand the company. Safety awareness remains a prime area of attention with constant monitoring of the safety environment and a continued education of the employees at all levels. Safety standards are continually updated, guided by the "safety first" principle.

1.1 Illovo Nchalo's operational status and the nature of its community

There is need to understand the nature of the company and its community as this guided the sampling choices in the study. The company has two main operations: sugar cane growing and sugar manufacturing plus it provides a socio-economic picture of the area. Illovo Nchalo has approximately 4,500 permanent staff and employs the local people seasonally on an engagement of nine months when the season is at its peak. There are two categories of employees namely the junior staff, who are in the vast majority, and the management. The former group is divided into four categories: As, Bs, Cs and Ds. The As are the lowest level employees who live in an area called Kalulu; the Bs live in an area called Lusthania; the Cs in an area called Intermediate; and the Ds in an area they term as 'the factory area'. All the employees' houses have the basic facilities of water and electricity, and are built from burnt bricks and roofed with corrugated iron sheets but the standards differ with the grades.

The surrounding villagers, also called the local people in the study, and the permanent employees make up the larger community of the area of the company's operation. The villagers' group village headman is Nkhwazi who overlooks approximately 5000 people from six villages namely, Nkhwazi, Goldeni, Lomosi, Chibweshye, Chavirakale and Matsukambiya. Their main source of livelihood is farming and the crops that are mainly grown are maize, beans, cotton and wheat, but the area experiences seasons of drought. There are predominantly mud houses in the villages with grass-thatched roofs.

1.2 Problem Statement

CSR is an important factor for developing countries because its programs address a wide array of social, economic and environmental issues (Mirshak, 2007). For instance, corporations can play a critical role in contributing to poverty alleviation through activities like education, health-care provision, infrastructure development and employees' welfare consideration; simultaneously with making profits. Ultimately this may be considered as a good practice and a positive trend in the business sector as well as in the development arena. It would therefore be expected that companies operating in rural areas would advance the livelihoods of the local masses. The concern, however, is that a lot of companies may only be engaging in purely strategic and rhetoric CSR in order to meet their business goals. To the general public, they may claim to have moved towards sustainable and equitable activities, but the supposed beneficiaries on the ground may have a different perspective altogether.

Several CSR studies, especially with a core focus on the phenomenon's socio-economic efficacy on stakeholders, have been conducted but most have been aligned towards organizations operating in the developed world with a few attempts to understand it in the perspective of the developing world (For example Arli et al., 2008; Darshi, 2010; Ismail, 2009; Mensah, 2009; and Presern, 2009). To the researcher's knowledge, none in Malawi have critically explored whether CSR accounts for all the stakeholders in the area of a corporation's operation. Mvula (2012) conducted a study to examine the relationship between CSR and brand equity in a Malawian scenario.Kayuni and Tambulasi (2012) conducted a survey to understand the role of business in Malawi but only from the perspective of the chief executives and public relations officers (or their equivalents), not from the perspective of the people from the grassroots as well. Because of assertions of CSR being a good initiative both in literature and in practice, it is important to understand it in the Malawian setting, specifically from the local people, as it may present different contexts that may impact differently on its practice. It remains to be established as to whether CSR in the country has really evolved to encompass the socio-economic concerns of various players and whether or not the motives behind the initiatives go beyond stockholder satisfaction to incorporate all key stakeholders, especially those in the area in which the company is situated.

1.3 Justification of the study

It is important for companies to engage in CSR dutifully and to critically take into consideration the interests of all stakeholders, rather than operating in an ad hoc manner or solely to meet self-interested intentions. Furthermore, it is vital that companies and scholars know that CSR can play a major role in enhancing various socio-economic factors of a community. The knowledge generated from this study could guide CSR by various organisations that operate throughout Malawi and beyond. A company like Illovo has stakeholders that are affected by the nature of its business. It is only ethical that the said stakeholders benefit from the company in a way that is sustainable. Mele´ (2002) is of the view that business should contribute to the common good in different ways, such as creating wealth, providing goods and services in an efficient and fair way, at the same time respecting the dignity and the inalienable and fundamental rights of the individuals. Furthermore, it should contribute to the social well-being and a harmonic way of living together in just, peaceful and friendly conditions, both in the present and in the future.

1.4 Research Objectives

The main objective of the study was togauge the socioeconomic efficacy of Illovo's CSR in its area of operation by examining stakeholder satisfaction.

The following were the specific objectives:

- To assess the local people's evaluations of Illovo Sugar Malawi Limited's CSR initiatives towards them
- To assess the employees' evaluations of Illovo Sugar Malawi Limited's CSR initiatives towards them
- To establish whether there is a relationship between the extent of Illovo's CSR and the type of stakeholder beneficiary
- To establish whether there is a relationship between type of stakeholder beneficiary and stakeholder satisfaction with Illovo's CSR

The objectives were met by answering the following questions:

1. Are the local people satisfied with the extent of Illovo Sugar Malawi Limited's CSR initiatives towards them?
2. Are the employees satisfied with the extent of Illovo Sugar Malawi Limited's CSR initiatives towards them?
3. How does the extent of Illovo Sugar Malawi Limited's CSR initiatives relate with the type of stakeholders benefitting?
4. Is there any relationship between the type of stakeholder beneficiary and the satisfaction levels with Illovo Sugar Malawi Limited's CSR?

Chapter 2
Literature Review

2.0 Introduction

This chapter presents previous research and literature regarding the concept of CSR and stakeholder satisfaction, starting with the conceptual framework then the theoretical literature and ending with the empirical studies pertaining to the relationship between the two. The study will adopt the Stakeholder Theory, and clarification will be made on why this was felt to be the most suitable choice among a number of theories in the field.

2.1 The Conceptual Framework

There are two types of stakeholders in Illovo Sugar Malawi Limited's area of operation, namely the employees and the local people. Both groups have a number of socioeconomic needs that could be met through various CSR constructs which include philanthropy, employee welfare, healthcare assistance, educational assistance and infrastructure development. Seeing that most of the local people earn a living through seasonal means which sometimes fail, their needs could be catered for to an extent through philanthropy which is generally understood as charitable social contributions (Visser, 2007). For the employees, their welfare needs entail a number of things, primarily a satisfying remuneration, training workshops for career development, incentives for motivation, medical schemes, a friendly working environment and general safety. Infrastructure development enables access to livelihood opportunities (UN, 2009) and includes water supply, sanitation, transportation, power and communication which facilitate growth.

The literature reviewed has identified the aforementioned CSR constructs and the types of stakeholder as the independent variables; and stakeholder satisfaction as the dependent variable. This encompasses the stakeholders' attitude toward the company and their relationship with the company (Raadt, 2010). The independent and dependent variables outlined have been discussed in detail in later in this chapter. Figure 1 gives an overview of the conceptual framework of this study.

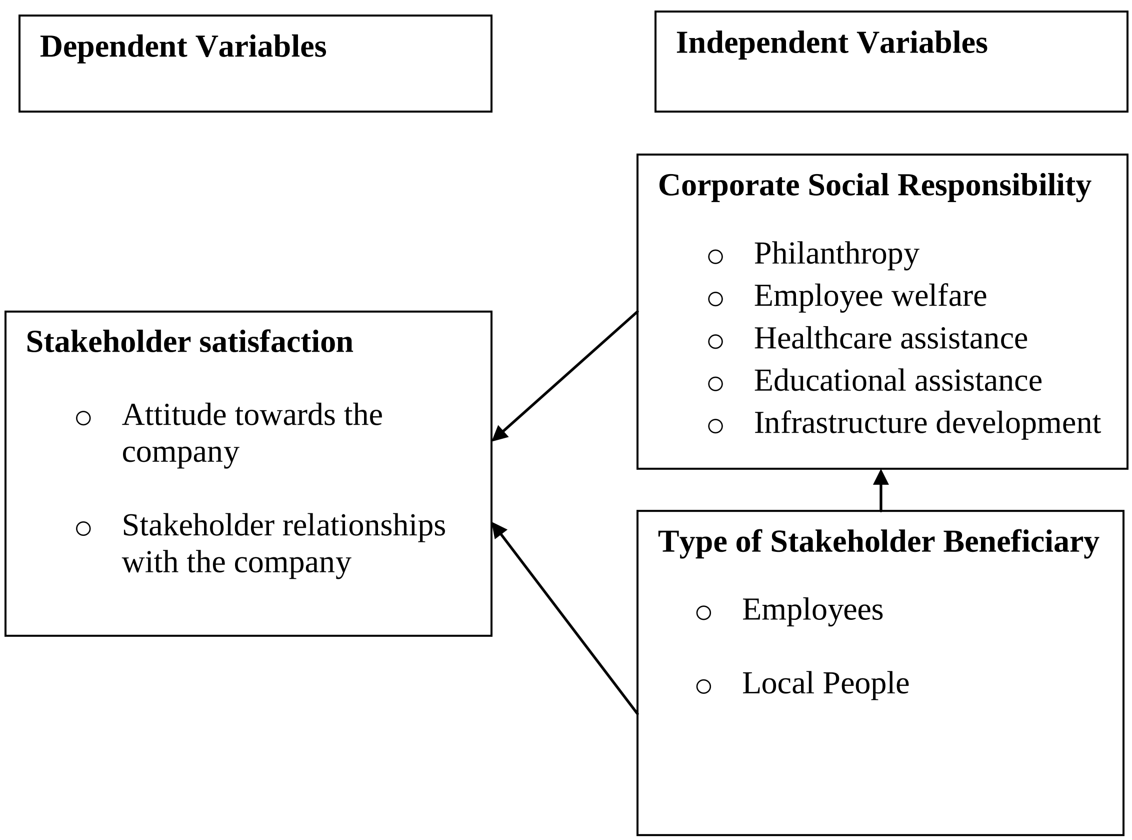

Figure 1: The conceptual framework of CSR and stakeholder satisfaction (by the researcher)

2.2 Theoretical Literature

In 1979, Carroll proposed a four-part definition of CSR that was embedded in a conceptual model of Corporate Social Performance (CSP). In this model he differentiated between four types of corporate social responsibilities: economic, legal, ethical and discretionary. In Carroll's pyramid (1991), economic responsibility is the basic foundation followed by legal responsibility, ethical responsibility and discretionary as the apex. Wood (1991) also produced a CSP model and introduced important refinements by going beyond an identification of the different types of responsibilities to examine issues relating to the principles motivating responsible behavior, the process of responsiveness and the outcomes of performance. CSP was conceptualized as the product of a business firm's particular configuration of principles of social responsibility, processes of social responsiveness, as well as observable outcomes as they relate to the firm's societal responsibilities.

The CSR theories according to Garriga (2004) can be classified into four groups. A first group in which it is assumed that the corporation is an instrument for wealth creation and that this is its sole social responsibility. The only aspect of the interactions between business and society is the role the latter plays in contributing to profits for the former. As such, any supposed social activity is accepted only if it is consistent with wealth creation. This group of theories is called instrumental theories. A representative of this approach is the well-known Friedman's view that the only responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country (Garriga, 2004). The agency theory (Jensen and Meckling, 1976; Ross, 1973) is the most popular way to articulate this reference. Classical economic theory is also embodied in this group. These theorists are of the view that the only investments in social demands that should be made by business are those that would produce an increase of the shareholder value. In contrast, if the social demands only impose a cost on the company they should be rejected.

A second group is political theories, in which the social power of a corporation is emphasized, specifically in its relationship with society and its responsibility in the political arena associated with this power (Garriga, 2004). This leads the corporation to accept social duties and rights or to participate in certain social cooperations. Here, two major theories can be distinguished: Corporate Constitutionalism and Corporate Citizenship. Davis (1960) was one of the first to explore the role of power that business has in society and the social impact of this power. In doing so, he introduced business power as a new element in the debate of CSR. He held that business is a social institution and it must use power responsibly. Davis attacked the assumption of the classical economic theory of perfect competition that precludes the involvement of the firm in society besides the creation of wealth. According to Davis (1960:63), “those who do not use power in a manner in which society considers responsible will tend to lose it because other groups eventually will step in to assume those responsibilities”.

A third group is the integrative theories and it includes theories which consider that business ought to integrate social demands (Garriga, 2004). The theorists here argue that business depends on society for its existence, continuity and growth. The integrative group of theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth. Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige. As a consequence, corporate management should take into account social demands, and integrate them in such a way that the business operates in accordance with social values. So, the content of business responsibility is limited to the space and time of each situation depending on the values of society at that moment, and comes through the company's functional roles (Preston and Post, 1975).

The fourth group of theories understands that the relationship between business and society is embedded with ethical values, leading to a vision of CSR from an ethical perspective. As a consequence, firms ought to accept social responsibilities as an ethical obligation above any other consideration. This group is termed as ethical theories, an example of which is the stakeholder theory. According to the theory, first hinted by Johnson (1971), a socially responsible firm balances all stakeholders' interests (Darshi, 2010). The theory has evolved in several ways within a dominant paradigm in CSR. In a seminal paper, Emshoff and Freeman (1978) presented two basic principles, which underpin the theory. The first is that the central goal is to achieve maximum overall cooperation between the entire system of stakeholder groups and the objectives of the corporation. The second is that that the most efficient strategies for managing stakeholder relations involve efforts, which simultaneously deal with issues affecting multiple stakeholders. Stakeholders are defined as people who affect or are affected by corporate policies and practices (Freeman, 1984).

Donaldson and Preston (1995:67) held that the stakeholder theory has a normative core based on two major ideas: the first is that stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity, that is, stakeholders are identified by their interests in the corporation whether or not the corporation has any corresponding functional interest in them; and the second is that the interests of all stakeholders are of intrinsic value, that is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners. Following this theory, a socially responsible firm requires simultaneous attention to the legitimate interests of all appropriate stakeholders and has to balance such a multiplicity of interests and not only the interests of the firm's stockholders.

The stakeholder theory has been criticized by the agency theory and the classical theory. The classical theory, which is justified mainly on the basis of neoclassical economic theory, argues using notions such as the free market, economic efficiency and profit maximization (Rodrigues, 2007). It stipulates that shareholders are the owners of the corporation and managers have no right to act on their own preferences to make discretionary decisions. The agency theory places emphasis on profit maximization as well, implying managers should only take into consideration the interests of stakeholders if and only if business is going to benefit in terms of profits. Concern for profits though cannot exclude taking into account the interests of all who have a stake in the firm (stakeholders) as it has been argued that in certain conditions the satisfaction of these interests can contribute to maximizing the shareholder value (Mitchell, 1997; Ogden and Watson, 1999).

This study was mainly concerned with the satisfaction of stakeholders. There is much evidence to show that comprehensive social responsibility, even when conducted only with the stakeholders' interests and needs in consideration, is associated with both socio-economic development and increased financial performance (Bakker, 2005; Peloza, 2006; Preston & O'Bannon, 1997; Vogel, 2005 cited in Achua, 2008). So corporations would be benefitting while also contributing to national development. This gave the stakeholder theory a major advantage over the other theories and it was therefore adopted. It will be discussed thoroughly in the next session and then the later subtopics will show how it underpins the relationship between the CSR constructs and stakeholder satisfaction.

2.2.1 The Stakeholder Theory and CSR

The stakeholder theory is concerned in the satisfaction of the interests of all stakeholders and not just a selected few. The stakeholders of interest in this case were employees and the local people, both of whom made up the community in Illovo's area of operation. For the theory to hold, the corporation's CSR had to not only lead to the satisfaction of one type of the stakeholders but both, in as far as community development is concerned. In order to understand the interests that have to be met to achieve the needed satisfaction, the concepts of community and community development have to be grasped and they are explained in the subsequent paragraphs.

A community is generally defined as a group of people who are interdependent for the fulfillment of certain needs, live in close proximity and interact on a regular basis (Ismail, 2009). There are shared expectations for all members of the group and responsibility taken from those expectations. The group is respectful and considerate of the individuality of other persons within the community. It is expected that there would be a sense of cooperation, of commitment to the group welfare, of willingness to communicate openly, and of responsibility to and for others as well as to one's self, though this is not always the case. There exist community leaders who are responsible for the success of any community event, depending on the needs of the community. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare.

Community development (CD) refers to initiatives undertaken by the community, external organizations which include government and non-governmental organizations, and/or corporations to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities (Ismail, 2009). These skills are often concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. CD is the process of developing active and sustainable communities based on social justice and mutual respect. It expresses values of fairness, equality, accountability, opportunity, choice, participation, mutuality, reciprocity and continuous learning. Educating, enabling and empowering are at the core of CD (FCDL, 2009).

The role of business in the community has become an issue of great importance around the world. Governments and civil society expect companies to play a positive role in helping society solve its problems and corporations are more aware of the interdependency between their businesses and the communities in which they operate.

There is shared acknowledgement that utilizing the extensive resources of the corporate world, such as cash and product donations, volunteers, professional services, and technology, to strategically match social and community needs can create immense benefits for all parties. Consequently, corporations are contributing increasing amounts of corporate resources to social development issues in the form of economic and discretionary responsibilities (Monteiro, 2010).

According to Freeman et al. (2004) the dichotomy between economic and social responsibilities is a false one because companies do not function in isolation from the society in which they operate. In the long run social and economic goals are not inherently conflicting but integrally connected. Therefore, contrary to the ideas of Friedman (1970), managers who use their economic aspects to undertake social responsibility activities do not necessarily misuse financial resources that legitimately belong to shareholders but actually put them to the use of benefitting the shareholders themselves through the consideration of other stakeholders. This consideration of the stakeholders in the area of operation is seen through the CSR constructs that will be discussed in the following subtopics.

2.3 The CSR Constructs

2.3.1 Philanthropy

Philanthropy is a business' discretionary responsibility to make social contributions not required by economics, law or ethics (Achua, 2008). Discretionary things are not fixed by rules but are decided on by people in authority who consider each individual case. They rely on the individual leader's judgment and choices. This type of responsibility refers to the duty of the firm to give back to society some of the wealth it has created as a result of society's inputs (Kakabadse, 2005). Though voluntary in nature, societal expectations do exist for business to assume social roles not mandated by law and not generally expected from an ethical stand point.

Corporate philanthropy is often mistaken for corporate social responsibility but it is not the same- philanthropy is just one dimension of CSR (Godelnik, 2012). The common definition of CSR as philanthropy could be attributed to the fact that it was the most common strategy businesses utilized to do good for many years. In addition, many of the basic CSR strategies, especially the early ones, looked more like acts of philanthropy. Yet, the fact is that the business world is changing and shifting its focus towards basic and strategic CSR. The reason philanthropy generally gets high priority in developing countries is partly as a result of strong indigenous traditions of charity (Visser, 2007). Another reason according to Visser is, the socio-economic needs of the developing countries in which companies operate are so great that philanthropy is an expected norm- it is considered the right thing to do by business. Second, companies realize that they cannot succeed in societies that fail, and philanthropy is seen as the most direct way to improve the prospects of the communities in which their businesses operate. Third, for the longest time, many developing countries have become reliant on foreign aid or donor assistance. Hence, there is often an ingrained culture of philanthropy. And a final reason for developing countries' prioritization of philanthropy is that they are generally still at an early stage of maturity in CSR, sometimes even equating CSR and philanthropy, rather than embracing the more embedded approaches now common in developed countries.

Philanthropy encompasses those corporate actions that are society's expectation that businesses be good corporate citizens (Carroll, 1991). This includes actively engaging in acts or programs to promote human welfare. Examples of philanthropy include business contributions to people, such as contributions to individuals, education, or health. Philanthropy responsibility may be seen to be very similar to ethical responsibility but the distinguishing feature between the two responsibilities is that the former is not expected in an ethical or moral sense. Communities desire firms to contribute their money and facilities to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not do so. Therefore, philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it.

2.3.2. Employee Welfare

Employee welfare at work exists when people are happy with their lot – what they do, how they are treated, how they get on with others (Armstrong, 2009). The well-being of employees depends on the quality of working life provided by their employers – the feelings of satisfaction and happiness arising from the work itself and the work environment. As defined by Taylor (2008) the quality of working life is related to the basic extrinsic job factors of wages, working hours, working conditions and the intrinsic factors of the work itself. Organizations have a duty of care and this means adopting a socially responsible approach to looking after their people. After all, employees' well-being increases their commitment to an organization.

Stredwick (2005) outlines that the basic issues to be considered for employee welfare comprise basic pay, including differentials between skilled, non-skilled employees; allowances for the exercise of skills or relating to special working situations, such as travelling or working under difficult or dangerous circumstances; bonus rates and the operation of the bonus scheme; sick pay and pension schemes; overtime rates and allocation; issues of equal treatment for pay, conditions, promotion and relationships; redundancy arrangements; performance management schemes; flexibility issues, including between jobs and locations; rights to maternity pay; improved benefits for the employees, paid time off, career breaks and other family friendly areas.

2.3.3 Healthcare Assistance

Healthcare is the diagnosis, treatment and prevention of disease, illness, injury and other physical and mental impairments in humans (WHO, 2012). According to the World Health Organisation (WHO), a well-functioning health care system requires a robust financing mechanism: a well-trained and adequately-paid workforce; reliable information on which to base decisions and policies; and well maintained facilities and logistics to deliver quality medicines and technologies. In a lot of African communities though, healthcare delivery infrastructure is insufficient, skilled healthcare workers are in short supply, and so are pertinent drugs. Public spending on health is insufficient and international donor funding is shaky in the current global economic climate (Janssen, 2012). In order for authorities to take close measures and keep health problems under control, a critical amount of resources is essential. This is when the public sector needs the support of the private sector.

There are number of reasons that employers provide healthcare assistance to their employees (Janssen, 2012). Providing health benefits can help to retain and also to attract staff, remaining competitive in the job market. If competitors are providing this coverage and a company is not it will be more difficult for the company not offering health benefits to attract staff. Also, having staff absent through sickness results in reduced productivity and the employer has a vested interest in ensuring that employees return to work as soon as possible. Providing healthcare assistance also provides an additional means of compensating employees and an employer that provides this cover is often perceived as being more caring and considerate towards its employees. This also applies for a community, especially in cases where the presence of a company impacts negatively on the community. Then the provision of healthcare assistance to the said community is a major compensation.

2.3.4 Educational Assistance

People capacity, performance and ability are directly determined by the relevant skills, knowledge and abilities that such a person possesses, and the currency and relevance thereof. Skills development is key to improving rural productivity, employability and income-earning opportunities, enhancing food security and promoting environmentally sustainable rural livelihoods (ILO, 2009). Lack of education and training limit rural people’s maximal productivity not only in the field of agriculture but also in more productive and remunerative work, and they fail to participate fully in the development of the communities. In this view there is need for companies to step in, in order to curb the lack of facilities or resources necessary for local people's skills advancement.

According to Levenson (2010), providing educational assistance to employees increases working morale, loyalty to the company, quality of output, problem-solving ability, profitability, work effort, time savings and retention of workers. In as far as communities are concerned; corporations provide educational assistance for capacity building in order to fill critical gaps. Smart companies are finding that the more they do so, the more momentum and demand they create for what they provide, and the smarter they get about innovating around what's truly needed in the education space. It's a virtuous cycle of self-improvement.

2.3.5 Infrastructure Development

Trivedi (2010) categorizes infrastructure into two types: social infrastructure and physical infrastructure, the former which includes water supply, sanitation, sewage disposal, education and health, which are in the nature of primary services and have a direct impact on the quality of life. The latter includes transportation, power and communication which facilitate growth. The services in health and education respectively include the construction of health facilities, the provision of drugs and health personnel, on one hand; and the construction of school blocks, the provision of learning materials and teachers, on the other.

Malawi aims to reduce poverty through sustained economic growth and infrastructure development as outlined in the Malawi Growth and Development Strategy II (MGDS II)

2011-2016. The expected result is to transform the country from being a predominantly importing and consuming economy to a predominantly manufacturing and exporting economy (World Bank, 2012). Infrastructure development enhances people capacity and has a key role to play in both economic growth and poverty reduction. Failure to accelerate investments in rural infrastructure will make a mockery of efforts to achieve the Millennium Development Goals in poor developing countries while at the same time severely limit opportunities for these countries to benefit from trade liberalisation, international capital markets and other potential benefits offered by globalization (Tarique, 2012). Deficiencies in transportation, energy and telecommunication transform into poorly functioning domestic markets with little spatial and temporal integration, low price transmission and weak international competitiveness.

Infrastructure development as an aspect of CSR is very valuable because any investment in infrastructure leads to an increase in the real income in both agriculture and non-agriculture sectors leading to a decline in the poverty levels (Tarique, 2012). A direct contribution to poverty alleviation is made by the provision of essential services like basic facilities, access to safe drinking water and basic sanitation, particularly in the initial stage of development. The prioritization of these things by the company of Illovo in its CSR initiatives would therefore act as a major catalyst in poverty alleviation.

2.4 Corporations' Role in Stakeholder Satisfaction

Corporations cannot function in isolation- they are surrounded by an 'environment' which is the business or organisational environment (Lewellyn, 2011). Society and business enterprises are mutually dependent as business enterprises satisfy societal needs and the society enables business sustainability. Different environmental variables exist internally and externally to the business enterprise and these have a positive or negative influence on the corporation. Business environment consists of two sub-environments: the internal (micro) environment which is the management and its employees, and the external (macro) environment which is the market, the community and all other external stakeholders. Mutual relationships exist between these environments and there has to be identification and forecasting phenomena. Ongoing environmental scanning is essential for strategy formulation. Organisations need to proactively or reactively respond to changing conditions in the environment in order to reap benefits and to ensure stakeholder satisfaction(Lewellyn, 2011) which result into stakeholders' favourable attitude towards the corporations and good stakeholder-company relationships.

2.5 Empirical Literature

There have been quite a number of studies that have investigated the relationship between CSR and stakeholder satisfaction. The unifying factor of CSR and stakeholder satisfaction is the constructs of CSR and dimensions or levels of satisfaction of stakeholders towards them. While the nature of CSR will vary with different companies, what is of significance is the relationship between the aforementioned attributes and this has a direct bearing on the focus of this study which is to link the constructs of CSR namely philanthropy, employee welfare, healthcare assistance, educational assistance and infrastructure development with employee satisfaction, and local people satisfaction. This study has thus reviewed the literature in different fields on this basis and how the stakeholder theory was employed to achieve the desired results.

In his study on the effects of CSR on stakeholder satisfaction, Ismail (2009) concluded that CSR is about business and the civil society collaboration with the bottom line being the achievement of a win-win situation among the two entities. The analysis shows that with the stakeholder theory in place, CSR proves to have the following impacts: Closer ties and interdependencies between corporations and the community, sharing the costs the society has to pay due to environmental degradation, transfer of technology from international companies to developing countries and poverty alleviation in the communities. The study also established that however, many corporation leaders do not know where their responsibilities begin and end in relation to building infrastructure, creating economic opportunities, improving services in sectors such as health and education. This results in insufficient CSR which results in the dissatisfaction of the stakeholders, mainly the community.

A study by Presern (2009) of CSR practice in Slovenia found that companies that have well planned and responsible approaches to social responsibility where the basic principles for implementing social responsibility are reflected in the companies' vision, mission and values, and the stakeholder theory is applied, report good relationships with the communities which stems from the satisfaction of the stakeholders. Notable aspects are the consideration of employees: for example, the training of employees, the recruitment of young and promising staff, the development of human resource and healthcare for employees; ethical and fair business operations like assurance of product safety, assurance of environmentally friendly products and meeting service obligations; socio-economic development, for example, the economic empowerment of people through livelihoods projects; and finally a positive attitude to the closer and wider community.

The research of Darshi (2010) on the socio economic impact of CSR, established that more and more companies were realising that dealing with the socio-economic needs of the people in the area in which they operate was a vital tool for strategic and operational management, decision making and achieving organizational motives because comprehensive CSR that had a positive socio-economic impact on communities, resulted into satisfied stakeholders who were in turn loyal to the corporations.

Mensah (2009) in her attempt to examine the role of CSR on sustainable development in Ghana, found that the poor use of stakeholder management led to poor relationships between the local people- who regarded the AngloGold Ashanti Company not as highly as they should- and the company. They complained how the formulation of CSR policies was mainly done by the company with no or little consultation with the people who were supposed to benefit from such policies. They wished the company sought their opinions and understood their needs. There was a lot of stakeholder dissatisfaction which resulted from poorly managed CSR.

Stakeholders' satisfaction and CSR has further been the subject of investigation in more studies (for example, Brown and Dacin, 1997; Creyer and Ross, 1997; Murray and Vogel, 1997; Turban and Greening, 1996; Ellen,2000; Sen and Bhattacharya, 2001). These authors stress that there are positive effects on stakeholders' attitude toward a socially responsible company. For example, Turban and Greening (1996) pointed out those companies with a good reputation for social responsibility were more attractive to the community. In addition, Maignan(1999) demonstrated that CSR increases staff retention, employee motivation and commitment. Furthermore, Brown and Dacin (1997) reported that consumers who have a negative image of a firms' social involvement are likely to have negative evaluations of that firm's products, whereas consumers with a positive image of firm's social responsibility will most probably have positive evaluations of its products.

2.6 Conclusion

In this chapter literature has been reviewed on the role of corporations in community development and stakeholder satisfaction, specifically relating to CSR initiatives such as philanthropy, employee welfare, healthcare assistance, educational assistance and infrastructure development. The review has shown how these constructs relate to each other, and how the stakeholder theory underpins their relationships. All empirical studies done and reviewed did not focus on the relationship that exists between CSR initiatives and the satisfaction of the stakeholders in a company's area of operation, in a Malawian context. It is in the interest of this study to fill this gap using the theoretical and empirical underpinnings presented. The literature review has generated a number of insights for the research. Corporations have a social responsibility towards communities and employees in as far as philanthropy, employee welfare, healthcare assistance, educational assistance are concerned. This raises the question as to what extent Illovo Malawi Limited does this towards the said stakeholders, and how satisfied the stakeholders are by it.

Chapter3
Methodology

3.0 Introduction

The previous chapters have reviewed and synthesized literature with a view to demonstrate the relevance of prior studies to this study. The present chapter proceeds by describing the methodology and research framework design adopted to answer the research questions outlined in Chapter One and Chapter Two of the thesis. The qualitative was mainly employed, as it was considered to be the most suitable way for data collection in order to fulfill the research objectives. Content analysis and SPSS were the tools used for analyzing the collected data.

3.1 Research Approach

The three common approaches to conducting research are quantitative, qualitative, and mixed methods. Researchers typically select the quantitative approach to respond to research questions requiring numerical data, the qualitative approach for research questions requiring textural data, and the mixed methods approach for research questions requiring both numerical and textural data (Williams, 2007). The mixed methods approach to research is an extension of, rather than a replacement for, the quantitative and qualitative approaches (Johnson & Onwuegbuzie, 2004).It was such a mixed method approach that was deemed most suitable for this study and was hence applied in the analysis.

The qualitative aspect was necessary in both the data collection and analysis because the study was mainly concerned with gaining an understanding of the perceptions of the two actors connected to the company namely the people of the community within which it operates, and the employees. A qualitative approach provides “rich descriptions of people and interaction in natural settings” (Bryman, 2008:367). The quantitative aspect was equally important in the analysis because the study was concerned with measuring the relationships between specific variables. This is best supported by Aaker (1997:78) who elucidated that a successful choice is achieved by combining several approaches to take advantage of their best features and minimize their limitations.

A case study design was chosen for this study and this is an example of a research design that helps to conduct a detailed and intensive analysis of a single case (Bryman, 2008). The company was chosen because it is a successful company whose operations are in a rural setup and hence it was relevant for the purposes of the study. Other than Dwangwa which is in the central region of the country, the activities of Illovo Company are mainly spread out in Chikhwawa and Nsanje districts, in the south, but most have been implemented in the former as that is where the company is situated; Nchalo to be precise. Considering time and budget constraints, the Nchalo area was the more suitable study area for selecting the sample of ordinary people as the researcher was operating from the south. Compared to Nsanje, it was chosen because it had the people most hit by the positive and negative externalities of the company as it was the actual area of operation.

3.2 Instrumentation and Data Collection

The whole process of collecting data is called instrumentation and involves the selection or design of the instruments; and the selection of the conditions under which the instruments will be administered (Fraenkel and Wallen, 2000).

Using semi-structured questionnaires, separate focus group discussions were employed for the community and employees; whereas in-depth interviews were employed for key informants, being the management and group village headman. The segmentation was necessary because, according to Morgan (1996), segmentation offers two advantages: it builds a comparative dimension into the entire research project including data analysis and it facilitates discussions by making participants more similar to each other. Morgan (1996) further illustrated that segmentation should capture something about the research topic itself and that was why the groups were homogenous by socioeconomic status and geographic location. It was not necessary for the purposes of the study to segment by sex, age, marital status and religion or otherwise.

The focus group discussions method was deemed appropriate for this study because these are facilitated discussions with a small group that can allow you to see an issue from community members' perspectives (Reisman, 2005). Focus groups can help explain how people regard an experience, idea or event and provide more detailed and richer information than a single interview or a questionnaire because of the interaction among members of the group. However, there is also the danger that some participants may be inhibited about expressing information contrary to the group sentiment. Therefore, it is useful to consider holding focus groups with "like" groups and holding multiple groups to gather information. An important theme that appears in the use of focus groups is their ability to "give a voice" to marginalized groups (Reisman, 2005).

Morgan & Krueger (1993) argued that the advantages of focus groups for investigating complex behaviors and motivations are a direct outcome of the interaction in focus groups, what has been termed as the group effect. An emphasis on the specific kinds of interactions that occur in focus groups is also an improvement over vague assertions that "synergy" is one of their strengths. What makes the discussion in focus groups more than the sum of separate individual interviews is the fact that the participants both query each other and explain themselves to each other and can at times still hold separate opinions.

As Morgan & Krueger (1993) have also emphasized, such interaction offers valuable data on the extent of consensus and diversity among the participants. This ability to observe the extent and nature of interviewees' agreement and disagreement is a unique strength of focus groups. A further strength comes from the researcher's ability to ask the participants themselves for comparisons among their experiences and views, rather than aggregating individual data in order to speculate about whether or why the interviewees differ. In this study, the ‘group interview technique’ was employed in the focus group discussions. In group interviews, the facilitator asks the group in hand questions and the participants individually answer and these can be used to complement FGDs (SERP, 2002). The combination is usually used in mixed methods approaches. So after obtaining the views from the group as an entity, it was also necessary to get the individual standpoints for the purposes of quantitative analysis so each individual was given sufficient talking time.

Data collection was conducted in the months of September and October, 2012. Primary and secondary data collection were carried out by interviewing management and the community village headman (as key informants), and studying company documents respectively. Separate FGDs of the employees and local people were conducted. The three categories of respondents, namely the key informants, employees and local community would enable a triangulation of the results in the end for reliability purposes. Attention was also paid to the production processes in order to gain knowledge about the various aspects of the company's operations. Informal conversations were held with employees to explore their ideas and opinions about their working environment. This was done in order to gather data in a natural setting as it was felt employees might express their opinions and ideas more freely.

3.3 Sampling

Probability sampling and non-probability sampling are types of sampling techniques in research. While probability methods are suitable for large scale studies concerned with representativeness, non-probability approaches are more suitable for in-depth qualitative research in which the focus is often to understand complex social phenomena (Small, 2009). In this study, respondents were selected according to their relevance for the research. It was not going to be sensible to carry out random selection because for the local people, only those that were seasonally employed by Illovo were required, and for the employees, only those that were in the lowest level category were required. On that account, non-probability form of sampling was used to select respondents in a strategic way.Using snowball technique- where the purpose of the study was thoroughly explained to the first identified respondent who would then identify another and so on- the desired groups of people necessary to achieve the study objectives were obtained. Unlike other non-probability techniques like Haphazard and Quota, Snowball technique provides a means of accessing vulnerable and more impenetrable social groupings (Atkinson and Flint, 2001) so it was deemed the best method to employ.

Maria Krieger (1991) asserts that "in qualitative sampling, two or more focus groups are needed per segment because any one group may be idiosyncratic and a sample of N = 30 suffices as it reduces the risk of missing important data to about 4.2%". As there were only two segments, it was necessary to have a minimum of five groups of respondents in each segment comprising approximately six people each. In the study, after interviewing these five groups, no new data could any longer be generated so no more were interviewed. Each respondent in the focus groups was counted separately toward the N because every respondent was given sufficient airtime on the key issues.

The respondents from the management group were the managers working closely or directly with CSR activities in order to ably provide information that would lead to relevant answers to the research questions and the validation of other respondent's answers. They were treated as the key informants, as so was the group village headman. Through the initial contacts with the management of the company, an employee from the lowest level grade was established, who identified another, who also identified another and so on and so forth. Likewise, through initial contacts with the group village headman, local people were identified.

Table 1: Local People FGD Respondents

Village	No. of FGDs	No. of Respondents	Males	Females
Nkhwazi	1	6	4	2
Matsukambiya	1	6	3	3
Goldeni	1	6	3	3
Chibweshye	1	6	2	4
Lomosi	1	6	3	3
Total	5	30	15	15

Source: Fieldwork data

Table 2: Employees FGD Respondents

Category	No. of FGDs	No. of Respondents	Males	Females
General Workers	1	6	3	3
Assistant Artisans	1	6	4	2
Assistant Supervisors	1	6	4	2
Artisans	1	6	4	2
Supervisors	1	6	3	3
Total	5	30	18	12

Source: Fieldwork data

3.4 FGD Guide Design and Development

The two key variables of this study were CSR and stakeholder satisfaction; guidance was sought from the extant literature on how these variables should be measured and the contents of the instrument. This step was to ensure that data collected through the research instrument serves the overall research purpose.

3.4.1 Selection of measures for CSR

A few useful constructs and measurements have been developed in the management and development literature to measure CSR (for example, Abbott and Monsen, 1979; Maignan, 2001). These CSR measures include line-count of information provided in corporate documents- where the number of times CSR is mentioned is actually counted-, content analysis, self-ratings by firms, evaluation by judgement of a company's reputation and forced choice item formats.

The measurement of corporate social responsibility though has been an object of debate since the 1960s. Firstly, the reputation index was used where Bragdon and Marlin (1972), Folger and Nutt (1975) and Spicer (1978) used the ranking of pollution control performance in the pulp and paper industry for measurement; Moskowitz (1972) and Sturdivant (1977) developed a rating system and gave firms such ratings as 'outstanding', 'honourable' or 'worst'; Vance (1975), Heinze (1976) and Alexander (1978) noted how students rated corporations and developed a scale to measure CSR based on these ratings. However the reputational index was found to require a longer time period, and elements of price and stock market always fluctuate; thus, the scale used was not strong and representative.

The second method was content analysis. Using this method, Bowman and Haire (1975) developed an index or scale based on the number of lines of annual reports devoted to CSR but it was found that there was a tendency to underreport. Beresford (1973) used the compilation of social measurement disclosures in Fortune 500 Annual Reports. Abbot et al. (1979) and Ingram (1978) simply followed Beresford's index. They used self-reported disclosures as a method of measuring corporate social involvement. In their work, they used the Fortune 500 Social Involvement Disclosures (SID) scale because of the availability of data and lower research costs compared to other data collection methods. However, there is a drawback for other researchers to using the Fortune 500 scale as its social involvement index is only measured within the context of the U.S.A.; therefore, a generalization problem arises.

Maignan (2001) conducted three pre-tests to ensure the quality, face validity and content validity of CSR items. He asked six scholars with expertise in the field of business and society to rate the items in terms of their representativeness and consistency. The resulting items were then used in a second pre-test with university employees, who were asked to participate in a survey about shopping. The resulting items were resubmitted to the six experts in the field of business and society, who made only minor modifications to the wording and presentation of the items. At the end of this process, a five-item instrument to measure stakeholders' support of responsible business was produced. However, Maignan realized that his measure faced problems with conceptualizations of CSR because the respondents had to rate pre-defined corporate responsibilities that had been classified beforehand. Finally, Maignan suggested that qualitative inquiries be made to measure CSR. The essence of this contention is that the beneficiaries are the best judges of CSR efficacy and therefore their views should be explored.

Taking this into consideration and the CSR measures of past studies, it was felt that the best method would be to obtain in-depth ratings of CSR from the initiatives' beneficiaries, and their reports on the various CSR constructs in operation would be considered; after which content analysis would be conducted by developing a scale based on levels of satisfaction reported.

3.4.2 Developing the FGD Guide

Guided by the literature on the selection of measures for CSR and stakeholder satisfaction, a ten item guide was developed for the local people and likewise for the employees. The first questions were designed to assess the stakeholders' evaluations of the extent of Illovo's CSR initiatives towards them and the latter questions were designed to assess their level of satisfaction with the CSR. Further details have been illustrated in the appendix section.

3.4.3 Scales for measuring variables

Satisfaction scales and Likert scales have been used in previous studies to measure levels of satisfaction and CSR efficacy but the main challenge has been predefining and restricting beneficiaries' views on CSR constructs (Maignan, 2001).

The best suggestion has been to obtain rich qualitative data and then employ content analysis to quantify it by categorizing the responses into themes which can eventually be collapsed into similar scales for objective analysis (TSAO, 1995). For example, emerging themes for this study from the stakeholders' point of view on one of the items were categorized into very satisfied, satisfied, not sure, unsatisfied and very unsatisfied.

For both stakeholders, the CSR measure consisted of five items measured qualitatively and then categorised into measurement scales of high to low. For the local people, the items were on the following CSR constructs:

- Philanthropy; 1 item
- Employee welfare; 1 item
- Healthcare assistance; 1 item
- Education assistance; 1 item
- Infrastructure development; 1 item

For the employees, the items were on the following CSR constructs:

- Employee welfare; 1 item
- Philanthropy; 1 item
- Healthcare assistance; 1 item
- Education assistance; 1 item
- Infrastructure development; 1 item

3.5 Pretest

Before the administration of the guide, a pretest was carried out where a sample of members of a community not included in the study sample was selected randomly for an FGD, in the heart of Chikhwawa, 25 kilometers away from Illovo. It was presumed these would have an idea of the company's CSR initiatives but would be far enough not to impact the results of the research. The purpose of the pretest was to identify if there were any ambiguous items, any items that were difficult to answer , whether there were repetitive questions and whether the 'conversations' were flowing systematically.

3.6 Data Analysis

3.6.1 Content Analysis

Content analysis was mainly used "to identify patterns in the data and match each quotation to the most relevant themes" (Patton, 2002; Rice & Ezzy, 1999). In this mode of analysis, the data collected is first categorized to bring meaning to it. Themes or patterns are then categorized and these may include ideas, concepts, behaviors, interactions and phrases used. Then they are organized into coherent categories that summarize and bring meaning to the text. The text is read and re-read in order for this to effectively happen. Abbreviated or numbered codes are then assigned in place of the ideas and themes. As the data is categorized, other themes that serve as subcategories are identified and the categorization continues until all relevant themes have been identified, categorized and labeled. In the end it is easy to make deductions.

According to TSAO (1995) the advantages of content analysis are that it can: quantify largely qualitative information; facilitate unobtrusive measurement; cope with large volumes of source material; help analysts learn more about issues of interest; validate evidence from other sources and apply to virtually any project. The limitations are that it can: be time-consuming; pose reliability and validity problems; and be challenged as too subjective. In this study, the reliability, validity and subjectivity limitations were taken care of by methods that will be outlined in the subsequent paragraphs and subtopics.

3.6.1.1 Developing Codes and Categories

Categorising is a process of reducing the data into smaller groupings so it is more manageable. The process also helps one to begin to see relationships between these categories and patterns of interaction (Williams, 2010). Good category systems are: exhaustive, so that all relevant content can be categorized; mutually exclusive, so that data can be placed in one and only one category; and independent, so that the assignment of data to one category does not affect the assignment of other data to a category (TSAO, 1995).

In content analysis, there are pre-determined categories and emergent categories. Before data can be organized for analysis, the categories to be used must be determined (NSKN, 2010). Emergent categories are determined after several readings of the data. For example, if you ask students “What did you like about your tutor?” you may need to read the complete set of answers for this question several times before categories, such as “Consistency” or “Clarity”. Pre-determined categories are selected before the data comes back. They may be selected based on their importance to the study, or because they are included in the question generating the responses. For example, responses to “Explain why you did or did not enjoy this event,” could be placed in “Enjoyed” or “Did Not Enjoy” categories (NSKN, 2010). For this study, the categories were pre-determined in the following way:

For the question “What is the extent of (a given CSR construct) towards the local people/employees?” the pre-determined categories were:

- Low- this had the responses that indicated that there was no CSR or hardly any.
- Medium- this had the responses that indicated that the CSR was neither small in measurement nor great in degree
- High- this had the responses that indicated that the CSR was great in degree

For the question “How satisfied are you with (a given CSR construct)?” the pre-determined categories were:

- Very satisfied- this had the responses where there was unquestionably extreme satisfaction expressed
- Satisfied- this had the responses where satisfaction was expressed but with lack of enthusiasm
- Not sure- this had the responses where there was uncertainty or neutrality in the level of satisfaction
- Unsatisfied- this had the responses where dissatisfaction was expressed but not with so much displeasure
- Very unsatisfied- this had the responses where there was unquestionably extreme dissatisfaction

For all this to be done effectively, the text was read and re-read until the researcher was absolutely familiar with it because “good analysis comes from understanding the data” (Taylor-Powell, 2003). The data was organized by questions to look across all respondents and their answers in order to identify consistencies and differences. Reliability measures were taken in the categorizing by employing multiple people to categorise independently and the disparities found were less than 20%.This is known as interrater reliability and it refers to the degree to which multiple coders yield identical or close to identical results (TSAO, 1995).

The stakeholder variables namely the local community and the employees were coded 1 and 2 respectively. Likewise for the CSR extent variables namely Low, Medium and

High which were coded 1, 2, 3 respectively. The satisfaction variables were also coded 1 to 6, respectively from very satisfied to very unsatisfied.

3.6.2 Analysing using SPSS

The quantified data was analysed using Statistical Package for Social Scientists. Relationships between the stakeholder variable and the CSR variable were measured using cross tabulations and chi-square tests. According to Bernard (2010), it is perfectly valid to report qualitative data in terms of percentages, counts, chi square, etc. Quantitative methods of data analysis can be of great value to the researcher who is attempting to draw meaningful results from a body of qualitative data. The main beneficial aspect is that it provides the means to separate out the confounding factors that often obscure the main qualitative findings (Abeyasekera, 2000). Also statements which imply that some characteristic differed across two or more groups, can be accompanied by a statement giving the chance (probability) of error (say $p=0.002$) i.e. the chance that the conclusion is incorrect. Thus the use of quantitative procedures in analysing qualitative information lends greater credibility to the research findings by providing the means to quantify the degree of confidence in the research results.

3.7 Reliability and Validity

Reliability within the context of qualitative research is about the methods of conducting a research; it is a methodological concern (Bapir, 2009). Therefore, the technique by which a qualitative study can be evaluated or regarded reliable is to check how and to what extent consistent methods and procedures are used. For instance, proper tabulated participant observation, ethnography, qualitative interviews, focus groups and conversation analysis research, tapes and transcripts would enable the researcher to efficiently code and categorise the responses of the people under study. Also for reliability to be calculated, it is mandatory for qualitative researchers to document their procedures and to reveal that categories have been used consistently.

Silverman (2006: 43) introduces a claim to validate qualitative research, with a chain of inter-related concepts. First is the analytic induction whereby some phenomena is identified, some hypothesis is generated, then a small body of data is examined. Second, is the constant comparative method whereby the qualitative researcher should always try to find another case through which to test out a provisional hypothesis. Third is a deviant-case analysis where correlations are made between different parts of the data. Fourth is the comprehensive data treatment, where all parts of the data must at some point be inspected and analysed. Finally, there is need for appropriate tabulation, to give the reader a chance to gain a sense of the flavour of the data as whole (Silverman, 2006).

In this study, in aspiring to identify the importance of more informal relations, it was the use of people's perceptions as the main data and triangulation which were deemed to best ensure the reliability and validity of the study. The gathering of many different perspectives enabled them to be held up against each other as checks. Also, concretely, the assurance of the reliability of the data was sought by cross checking factual information/stories by asking several interviewees about the same concrete incidents/affairs. Lastly the researcher used the interrater reliability which, as earlier highlighted, refers to the degree to which multiple coders yield identical or close to identical results (TSAO, 1995). The acceptable range of reliability is generally 80 to 100 percent.

Reliability within the context of quantitative research is the degree to which evaluated data are free from arbitrary errors and is indicated by the internal consistency of items within a test (Navarro et al., 2005).The Cronbach Alpha coefficient as quoted by Neba (2010) from Fraenkel and Wallen (2000) is a method for testing internal consistency that requires only a single administration of an instrument. It is used in calculating the reliability of items that are not scored right versus wrong and is widely used. On the basis that this method requires only one administration of the instrument it was deemed most suitable for this study and was therefore adopted.

3.8 Ethical Considerations

In planning, conducting and reporting research findings, the researcher should fulfill several obligations in order to meet the codes of ethics (Darshi, 2010). Codes of ethics in social research have been formulated by professional associations such as the British Sociological Association (BSA) and the Social Research Association (SRA). Consequently, for the purpose of this research, before conducting the interviews, the researcher and the topic were clearly introduced. It was made clear that the aim of collecting data was to use it as material for academic purposes. Assurance was given of anonymity and confidentiality, and clarification was put across that the data collected would not affect their personal or professional affairs. Although prospective respondents were urged to participate, participation was voluntary and not mandatory.

3.9 Limitations and Challenges

"All research is constrained by time and resources" (Bryman, 2008:68). The study faced these two constraints and therefore, a thorough investigation of all parties and stakeholders concerned with the CSR activities was not possible. However, according to Myers (2000), small qualitative studies can gain a more personal understanding of a phenomenon and the results can potentially contribute valuable knowledge. It is therefore felt that the findings that transpired from this study sufficed in overcoming this limitation. Also, the employees initially hesitated to reveal important details for fear of losing their jobs. In order to overcome this, a rapport was built, emphasis was placed on anonymity and trust was ensured and built. Subsequently, they became very open and detailed in their responses.

3.10 Conclusion

This chapter has presented the research approach and design employed in the study, the interview guide design and the study sample, the methods and analyses used to validate the theoretical and empirical literature articulated in the previous chapter, reliability and validity assurance, ethical issues observed and limitations of the study. The findings and interpretation of the results will be clearly presented in the next chapters.

Chapter 4

Research Findings

4.0 Introduction

This chapter presents the results of the data collection and statistical analyses. Particularly, the descriptive analysis of the local people's evaluations of the extent of Illovo's CSR is presented. So is the descriptive analysis of the employees' evaluations of the extent of the company's CSR. The relationships between type of stakeholder and stakeholder satisfaction, with the extent of the four constructs of CSR namely philanthropy, employee welfare, healthcare assistance, educational assistance and infrastructure development, are also presented.

4.1 Stakeholders' evaluation of Illovo's CSR

The study assessed the local people's evaluations of the extent of the various constructs of Illovo's CSR.

4.1.1 Stakeholders' evaluation of Illovo's Philanthropy

The philanthropic activities of the company include such acts as the donation of money and in-kind goods like sugar to the stakeholders, offering company services towards community activities and general involvement in community functions. Table 3 and Table 4 present findings on Illovo's philanthropy towards the respective stakeholders.

Table 3: Stakeholders' evaluation of the extent of Illovo's Philanthropy

Philanthropy	**Employees**		**Local People**
Low	9		22
Medium	5		7
High	16		1
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	19.020	2	.000
Likelihood Ratio	21.919	2	.000
Association	17.234	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' evaluation of the extent of the company's philanthropic activities vary across the stakeholders. The study revealed that 22 local people rated the extent as low, 7 rated the extent as medium while 1 rated the extent as high; whereas 9 employees rated the extent as low, 5 of them rated the extent as medium while 16 rated the extent as high. The study results also revealed that there is a significant relationship between the type of stakeholders and the extent of the philanthropic activities as shown by the chi-square tests ($p<0.05$).

Table 4: Stakeholders' satisfaction with Illovo's Philanthropy

Philanthropy	**Employees**		**Local People**
Very satisfied	10		
Satisfied	13		3
Not sure			2
Unsatisfied	7		12
Very unsatisfied			13
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	32.566	4	.000
Likelihood Ratio	42.727	4	.000
Association	29.120	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' levels of satisfaction with the company's philanthropic activities vary across the stakeholders. The study revealed that 3 of the interviewed local people were merely satisfied with the company's philanthropy while for the employees, 10 were very satisfied and 13 were merely satisfied. The study results also revealed that there is a significant relationship between the type of stakeholders and the level of satisfaction with the company's philanthropy as shown by the chi-square tests ($p<0.05$).

The local people complained that they asked for the simplest things that the company could very easily assist in, to no avail. For example, assistance in the form of transport provision when there were village functions like inaugurations of leaders or funeral ceremonies. Furthermore, there were many elderly people in the villages that were utterly helpless and the villagers amongst themselves struggled to feed, but Illovo did not assist them in any way.

> *Imagine they can't donate sugar even once a year! If they were thoughtful enough they would be providing free packets of sugar, no matter how seldom - that would make a difference. But they only do so to permanent employees and ironically, sugar for the villagers is even more expensive than the one sold in the towns. This is because after production it goes to town straightaway and the village vendors can only buy it there- Male respondent from Matsukambiya Village*

These sentiments were validated by the employees and the management, with the latter's defence being that they did not want to encourage a tendency of dependency; otherwise the local people would start having unnecessary expectations from the company.

4.1.1.1 Discussion of the results of stakeholders' evaluation of Illovo's philanthropic activities

The revelation that there is a relationship between the type of stakeholders and the extent of the company's philanthropy, and between the type of stakeholder and the level of satisfaction with the company's philanthropic activities, leads to the conclusion that the company is not impartial in the delivery of this aspect of CSR. It can therefore be inferred from the findings previously presented, with reference to the sampled and not the whole population, that the company favours the employees more than it does the local people when it comes to philanthropic initiatives. This is contrary to the views of some scholars (Donaldson and Preston, 1995; Darshi, 2010) that a socially responsible firm balances all stakeholders' interests and ensures their satisfaction. The interests of all stakeholders are of intrinsic value and each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of the company or some other group, such as the shareowners.

4.1.2 Stakeholders' evaluation of Illovo's Employee Welfare

Employee welfare encompasses all things that fall in the realm of employee job satisfaction and in the study included such things as employee benefits and a satisfactory pay. Table 5 and Table 6 present the findings on evaluation of employee welfare by the stakeholders and their satisfaction with it, respectively.

Table 5: Stakeholders' evaluation of Illovo's Employee Welfare

Employee Welfare	**Employees**		**Local People**
Low	3		15
Medium	3		12
High	24		3
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	29.733	2	.000
Likelihood Ratio	33.108	2	.000
Association	24.533	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' evaluations of the extent of the company's employee welfare consideration vary across the stakeholders. The study revealed that 15 of the local people interviewed rated the extent as low, 12 rated the extent as medium while 3 rated the extent as high; whereas 3 of the employees rated the extent as low, another 3 of them rated the extent as medium while an astounding 24 rated the extent as high. The study results also revealed that there is a significant relationship between the type of stakeholders and the extent of the employee welfare consideration as shown by the chi-square tests ($p<0.05$).

Table 6: Stakeholders' satisfaction with Illovo's Employee Welfare

Employee welfare	**Employees**		**Local People**
Very satisfied	7		
Satisfied	14		3
Not sure			5
Unsatisfied	7		15
Very unsatisfied	2		7
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	24.805	4	.000
Likelihood Ratio	30.277	4	.000
Association	17.877	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results showed that the stakeholders' levels of satisfaction with the company's employee welfare vary across the stakeholders. The study revealed the majority of the local people, 15 were unsatisfied, against 7 of the employees. The study results also revealed that there is a significant relationship between the type of stakeholders and the level of satisfaction with the company's employee welfare as shown by the chi-square tests ($p<0.05$).

It was expressed across the FGDs with the local people that indeed a lot of people were employed by Illovo seasonally. They were employed for periods of nine months every year to work in the fields. The local people reported that because of their lack of skills and qualifications they were mainly employed as manual labourers and the employee welfare conditions towards them were very poor.

> *The working conditions are generally poor- we are given hardcore jobs where we have to work hours on end in the field and we are not even paid for overtime. We cannot even openly express our grievances for fear of losing the jobs as they are better than having absolutely nothing to do- Male respondent from Nkhwazi Village*

It was elucidated that unlike the permanent employees in the lowest level category, their houses had no electricity and indoor water. There was limited access to the latter as four houses shared one outdoor tap. According to the reports it would be so easy for the company to provide electricity to the entire community because it generated its own, but that was not the case.

> *We are experiencing problems now because the government has banned the usage of charcoal and even though the company can easily sort this out for us by providing us with electricity, they have not done anything- Female respondent from Chibweshye Village*

It was reported from the FGDs that the employees were free to form the unions but that was just on paper as they were practically voiceless. They had a lot of requests every now and then, and some major complaints which they would sometimes discuss and then report in the form of write-ups because nobody wanted to be seen to be at the fore front in starting commotions for fear of expulsion. Instead some workers would vent their frustration and anger through field-fires that they would start in the sugarcane fields.

> *When you openly complain about anything at all, they find reasons to fire you- Female respondent from Matsukambiya Village*

When the local people were asked whether they were largely satisfied with their salaries, they indicated that they were being paid the minimum wage by the labour laws which would translate into insignificant amounts because the majority of them were on SACCO, NICO and Vanguard loan schemes. Reportedly, in spite of the dissatisfaction, they were still forced to stick around because they had no other sources of income as the most of them did not even have any land to cultivate on in their areas. They claimed that people had been left landless with the coming in of the company.

4.1.2.1 Discussion of the results of stakeholders' evaluation of Illovo's Employee Welfare

The disclosure that there is a relationship between the type of stakeholders and the extent of the company's employee welfare, and again between the type of stakeholder and the level of satisfaction with the company's employee welfare, leads to the conclusion that the company does not treat its permanent and temporary employees equally fairly. It can therefore be inferred, with reference to the sampled population, that in as far as employee welfare, the company favours the actual employees more than it does the local people who are seasonally employed. This may be because according to Galarneau (2004) temporary jobs are generally less well paid than permanent ones, offer fewer employee benefits, are less likely to offer on-the-job training, and are precarious. The only difference in this case is that these temporary employees are also stakeholders in their capacities as local people living within the company's area of operation and have to be treated with the utmost care because 'companies cannot succeed in societies that fail and so the prospects of the communities in which they operate have to be improved' (Visser, 2007).

4.1.3 Stakeholders' evaluation of Illovo's Healthcare Assistance

The study also sought the evaluations of the stakeholders on the kind of healthcare assistance rendered to them by the company. Table 7 illustrates the results of the local people's and employees' evaluation of the assistance whereas Table 8 illustrates their levels of satisfaction.

Table 7: Stakeholders' evaluations of Illovo's healthcare assistance

Healthcare Assistance	**Employees**		**Local People**
Low			15
Medium	4		9
High	26		6
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	29.423	2	.000
Likelihood Ratio	36.244	2	.000
Association	28.566	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' evaluation of the extent of the company's healthcare assistance vary across the stakeholders. The study revealed that 50% of the local people rated the extent as low, 30% rated the extent as medium while 20% rated the extent as high; whereas none of the employees rated the extent as low, 13.3 % of them rated the extent as medium while 86.7% rated the extent as high. The study results also revealed that there is a significant relationship between the type of stakeholders and the extent of the healthcare assistance as shown by the chi-square tests ($p<0.05$).

Table 8: Stakeholders' satisfaction with Illovo's Healthcare Assistance

Healthcare Assistance	**Employees**		**Local People**
Very satisfied	22		
Satisfied	7		9
Not sure	1		
Unsatisfied			9
Very unsatisfied			12
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	44.250	4	.000
Likelihood Ratio	61.248	4	.000
Association	37.160	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' levels of satisfaction with the company's healthcare assistance vary across the stakeholders. The study revealed that 9 of the local people that were interviewed were merely satisfied with the company's healthcare assistance while 22 of the employees were very satisfied. The study results also revealed that there is a significant relationship between the type of stakeholders and the level of satisfaction with the company's healthcare assistance as shown by the chi-square tests ($p<0.05$).

The local people complained that Illovo had good clinics, but they were only accessible by the employees. So even when they fell seriously ill, they had to travel a very long distance to go to the public hospital, St Montfort, which the company did assist to a large extent by supplying some drugs and supporting some staff members.

> *Life would have been so much easier for us if we could also benefit from the Illovo clinics because they are extremely near. Or if the company could build some clinics for us as well, that would be a very socially responsible gesture on their part- Female respondent from Lomosi Village*

4.1.3.1 Discussion of the results of stakeholders' evaluation of Illovo's Healthcare Assistance

The findings show that there is a relationship between the type of stakeholders and the extent of the company's healthcare assistance, and between the type of stakeholder and the level of satisfaction with the company's healthcare assistance. This leads to the conclusion that the company is not unbiased in the delivery of healthcare assistance. It can be inferred from the findings, with reference to the sampled population, that the company also favours the employees more than it does the local people in as far as healthcare assistance. And yet for all the stakeholders in the area of the company's operation, this is one aspect that needs a lot of impartiality because 'the public sector turns to the private sector's support since public spending on health is insufficient and international donor funding is shaky in the current global economic climate (Janssen, 2012).

4.1.4 Stakeholders' evaluation of Illovo's Educational Assistance

In its annual report, Illovo Sugar Malawi Limited outlined a number of contributions it had made towards education. This was one area of interest of the study and the evaluation of educational assistance by the company from the perspectives of the local people and the employees was sought. Table 9 and Table 10 present the findings of the stakeholders' evaluation of and satisfaction with Illovo's educational assistance, respectively.

Table 9: Stakeholders' evaluation of Illovo's Educational Assistance

Educational Assistance	**Employees**		**Local People**
Low			25
Medium	3		5
High	27		
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	52.500	2	.000
Likelihood Ratio	72.593	2	.000
Association	51.199	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' evaluation of the extent of the company's educational assistance vary across the stakeholders. The study revealed that 25 of the local people rated the extent as low, 5 rated the extent as medium while none of them rated the extent as high; whereas none of the employees rated the extent as low, 3 of them rated the extent as medium while a whole 27 rated the extent as high. The study results also revealed that there is a significant relationship between the type of stakeholders and the extent of the educational assistance as shown by the chi-square tests ($p<0.05$).

Table 10: Stakeholders' satisfaction with Illovo's Educational Assistance

Educational Assistance	**Employees**		**Local People**
Very satisfied	4		
Satisfied	19		
Not sure			3
Unsatisfied	6		9
Very unsatisfied	1		18
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	42.600	4	.000
Likelihood Ratio	58.489	4	.000
Association	38.109	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that the stakeholders' levels of satisfaction with the company's educational assistance vary across the stakeholders. The study revealed that the majority of the local people, 18, were very unsatisfied while only 1 of the employees was very unsatisfied. The study results also revealed that there is a significant relationship between the type of stakeholders and the level of satisfaction with the company's educational assistance as shown by the chi-square tests ($p<0.05$).

The local people complained that the primary schools that were supported by Illovo were only accessible to employees' children. The one government school that the children from the surrounding villages attended was in a dilapidated state. Initially the school had not even one block- the students were learning under trees. The Lion's club helped the community in constructing a few blocks but when it ceased to be in operation, they were helpless and approached Illovo for assistance of any kind, to no avail.

> *So what we do is we try to mobilize ourselves to raise funds towards the construction of a block. It's sad that it has to be such a struggle for us when it's something that the company can easily accomplish in no time- Male respondent Nkhwazi Village*

When asked if the company assists in the operational aspects of the school by donating stationery or other educational facilities, they were quick to point out that it does not as it only cares to do so for the schools that are within its complex. They were asked if the company had ever implemented, supported or been involved in any informal training projects that would help enhance their skills in any way, to which the respondents alleged that it had not.

4.1.4.1 Discussion of the results of stakeholders' evaluation of Illovo's Educational Assistance

From the results, none of the local people rated the extent of the company's educational assistance towards them as high, vis-à-vis 27 of employees who rated it as high. The magnitude of the difference is appalling. The failure of Illovo Sugar Malawi Limited to balance stakeholder interests in this very important area is a sign of falling short in as far as social responsibility. ILO (2009) clearly indicated that lack of education and training limit rural people's maximal productivity not only in the field of agriculture but also in more productive and remunerative work, and they fail to participate fully in the development of the communities.

4.1.5 Stakeholders' evaluation of Illovo's Infrastructure Development

Table 11: Stakeholders' evaluation of Illovo's Infrastructure Development

Infrastructure Development	**Employees**		**Local People**
Low			2
Medium	3		5
High	27		23
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	2.820	2	.244
Likelihood Ratio	3.598	2	.165
Association	2.603	1	.107
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

Water and sanitation, electricity, good roads for transportation are examples of the areas that were discussed. The results revealed that 23 of the local people rated the extent of the company's infrastructure development as high and only 2 of them rated it as low, while 27 of the employees rated the same as high. The study results also revealed that there is no significant relationship between the type of stakeholder and the extent of the company's infrastructure development ($p>0.05$).

Table 12: Stakeholders' satisfaction with Illovo's Infrastructure Development

Infrastructure Development	**Employees**		**Local People**
Very satisfied	12		22
Satisfied	13		5
Not sure			
Unsatisfied	5		3
Very unsatisfied			
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	7.640	4	.054
Likelihood Ratio	8.198	4	.052
Association	3.343	1	.067
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that most of the stakeholders in both groups were satisfied with the company's infrastructure development. The study revealed that 22 of the local people were very satisfied with the company's infrastructure development, 5 were merely satisfied while 3 were unsatisfied. For the employees, 12 were very satisfied, 13 were merely satisfied while 5 of them were unsatisfied. The study results also revealed that there is no significant relationship between the type of stakeholders and the level of satisfaction with the company's infrastructure development as shown by the chi-square tests ($p>0.05$).

The local people indicated that the company had greatly contributed to improving the sanitation structures in the community. One respondent explained that three years previously, the company provided them with pipes so they could have access to the water that is purified by the company. The respondents expressed that they were really grateful on that as they currently enjoy water from communal taps. The management echoed the sentiments and explained that they had taken measures to ensure that the local people had access to clean safe water as the river water was not conducive for use for domestic purposes. People now mainly used it for farming purposes. One manager indicated that the company had plans to provide more taps so there would be more drawing points in the villages. They understood that having clean and safe water was a vital tool for development as it meant healthy people and ultimately energetic people who could easily engage in productive avenues for the socio-economic advancement of their lives. The other development that was highlighted was that of transportation.

> *The roads are properly graded making it easier for us to use especially when riding bicycles and our trips take far less time than they used to which works to our advantage in many ways. But the company has created some canals for their waterways, which need bridges and these have killed some of our direct routes. We try to put logs but they do not last- Male respondent from Goldeni Village.*

4.1.5.1 Discussion of the results of stakeholders' evaluation of Illovo's Infrastructure Development

Interestingly this was one construct of CSR that the local people rated highly and surpassed the employees on the satisfaction scale. The stakeholder findings are balanced which is an indication of good stakeholder engagements. In this aspect, Illovo Sugar Malawi Limited is able to balance its activities in such a way that its positive returns are felt across stakeholders The company's investments in rural infrastructure is a great way of contributing to achieving the Millennium Development Goals in poor developing countries and creating opportunities for local people to benefit from trade liberalisation, international capital markets and other potential benefits offered by globalization. Hence this can be cited as an effective contribution to socio-economic development by the company.

4.2 Analysis of Stakeholder Satisfaction

This section presents the results of the assessment of stakeholder satisfaction. The study first measured the attitude of stakeholders towards the company in order to gauge stakeholders' favourable or unfavourable inclinations towards the company. The results of the assessment are presented in Table 13. Secondly, the study evaluated stakeholders' relationship with the company and the results are presented in Table 14.

Table 13: Stakeholders' attitude towards the company

Attitude towards company	**Employees**		**Local People**
Poor			25
Medium	3		5
Good	27		
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	52.500	2	.000
Likelihood Ratio	72.593	2	.000
Association	51.199	1	.000
Number of Valid Cases	60		

Source: SPSS Analysis using fieldwork data

The results revealed that 27 of the employees have a favourable attitude towards the company while 25 of the local people have an unfavourable attitude towards the company. The results also revealed that there is a significant relationship between the type of stakeholder and attitude towards the company ($p<0.05$). This means that the more socially responsible the company is towards a stakeholder, the more favourable their attitude towards the company, that is, the local people are more likely to have an unfavourable attitude towards the company than the employees.

Table 14: Stakeholder relationships with the company

Relationship with company	**Employees**		**Local People**
Poor			20
Medium	2		4
Good	28		6
Total	30		30
Chi-square Tests	**Value**	**df**	**Significance(2-sided)**
Pearson Chi-square	34.902	2	.000
Likelihood Ratio	43.852	2	.000
Association	34.191	1	.000
Number of Valid Cases	60		

The results revealed that 28 of the employees have a good relationship with the company against 6of the local people, while 20 of the local people have a poor relationship with the company against none of the employees. The results further revealed a statistically significant relationship between the type of stakeholder and the relationship with the company ($p<0.05$). This means that employees are more likely to have a good relationship with the company than the local people.

4.2.1 Discussion of results for assessment of stakeholders' attitude towards Illovo and their relationship with the company

It has been shown that the employees generally have a favourable attitude towards the company while the local people generally have an unfavourable attitude towards the company. The results have also revealed that there is a significant relationship between the type of stakeholder and attitude towards protests. Of the five CSR constructs that were discussed, the local people displayed dissatisfaction with four of them while the employees generally did not display dissatisfaction. Thus it can safely be concluded, by the researcher, that the attitude of stakeholders towards a company is as a result of their satisfaction with the company's social responsibility towards them.

The study has also found that the employees generally have a good relationship with the company while the local people generally do not. The results have further revealed a statistically significant relationship between the type of stakeholder and the relationship with the company. Again, it can then safely be concluded, by the researcher, that the relationship of stakeholders with a company is as a result of their satisfaction with the company's social responsibility towards them.

4.3 Conclusion

This chapter has discussed the findings of the research by putting substantial meaning across with the help of literature. A lot of interesting deductions have been made in the analysis, with the underlying one being that Illovo Sugar Malawi Limited is generally not impartial in the way it carries out its CSR initiatives towards the stakeholders in its area of operation, namely the employees and the local people. The arguments presented have been tested statistically. The tests for relationships between CSR and stakeholder satisfaction have revealed that there is significant association between the extent of Illovo's CSR and the attitude towards the company, and stakeholder-company relationship. This brings in a new dimension to the literature which was lacking in the area of the socio-economic efficacy of corporate social responsibility to the stakeholders in the area of a company's operation, in a Malawian context. It is clear that CSR is very important because it contributes to socio-economic development and the lack of it leads to stakeholder dissatisfaction which also results in sour stakeholder-company relationships.

This confirms existing literature which is clear on the important role of CSR in enhancing stakeholder-company relationships and contributing to socio-economic development (Hillman and Keim, 2001; Ismail,2009; Presern, 2009; Athanasopoulou, 2010; Darshi, 2010; Mensah, 2009). The subsequent and final chapter discusses the implications of Illovo Sugar Malawi Limited's lack of stakeholder-balanced CSR and makes an overall conclusion.

Chapter 5

Conclusions and Research Implications

5.0 Introduction

This chapter presents the conclusion of the study in view of the findings discussed in the previous chapter and advances the implications of the research from which possible recommendations can be drawn for practice and areas for future research.

5.1 Conclusion

The study findings have provided answers to the research questions and therefore fulfill the research objectives. The study sought to find out stakeholder satisfaction with Illovo's CSR, in the area of the company's operation. The results reveal that employees are generally satisfied with the various CSR initiatives that the company carries out towards them because the company meets their needs in the various constructs of CSR to a very large extent while the local people are generally dissatisfied with the company's social responsibilities because the extent to which the company meets their needs in the various constructs of CSR is generally very low.

The study further sought to understand whether the extent of the company's social responsibility towards the stakeholders was influenced by the type of stakeholder beneficiary. The results reveal that there is a significant relationship between the type of stakeholder beneficiary and the extent of the CSR activities that Illovo carries out in the area of operation. The reason the company gave for practicing this type of CSR was that they did not want to foster the spirit of dependency in the local community, being one of the stakeholders under study.

5.2 Research Implications

The findings of this study have very important development implications as well as implications in general. They highlight Illovo's disregard for a type of stakeholder that does not directly contribute to its profits, being the local community, when the mere presence of this successful company in the rural area should be a positive contribution to local and ultimately national development. The company has a lot of negative externalities to the community which needs to be compensated and one of the best ways that the company could do so is through CSR.

The study highlights elements of CSR that are incurring the highest proportions of stakeholder dissatisfaction. This will enable the management to take note of the areas in which their CSR engagements need readdressing in order to be more socio-economically effective. This will enable management to proactively put efforts, resource allocation and commitment in those areas. There is need for ongoing participation with the beneficiaries in order to identify their specific needs within each of the company's CSR constructs as this would give them a sense of ownership. This can be done through intensive and comprehensive consultations and not superficial and grossly inadequate ones. This would create a mutual understanding between the stakeholders and the company so that in cases where the company cannot easily meet the people's demands for one reason or another, the people would understand and have the patience for the execution.

The findings also reveal that the local people are dissatisfied with all of Illovo's CSR categories except for one, which is infrastructure development. This was one category whose extent they rated as high and the implication is that if the extent of the CSR in any given area is good then the satisfaction levels of stakeholders with the particular case would also be good. The management therefore needs to realign their priorities in order because doing so would not be in vain but would surely produce positive results.There is room for the company to improve its CSR socioeconomic efficacy in order to increase stakeholder satisfaction and contribute to the socioeconomic development of not one type of stakeholders but all stakeholders.

There is also need for human resources to plan and execute genuine developmental schemes. Community development units are often staffed with managers and administrative staff. These people spend very little time in the field and lack an understanding of specific local problems so they tend to lack a long-term commitment to the local communities where the firm operates. Even if one manager is committed to genuine CSR, his/her successor may not be as committed and may simply halt a social initiative that was begun by the predecessor. As such it is imperative that Illovo employs staff with development expertise.

Additionally, there is need for Illovo to integrate CSR activities into a proper development plan as this would foster proper implementation of community development projects, their continuity and their completion. Given the corporate objectives of firms and the practical problems of executing CSR schemes, it is not surprising that corporate social initiatives rarely form part of larger regional development plans. Existing independently of such plans, CSR can yield no more than a drop in the ocean of development efforts, and even those resources that are devoted to it may not be channeled for the most effective developmental use. Since projects are often driven by short-term expediency, there may be little coordination in determining which areas should benefit and how projects can be put together to contribute to a greater whole.

5.3 Research Limitations and Areas for Future Research

Illovo's CSR activities are not limited to its area of operation alone nor are they limited to the two stakeholders studied in this paper. In order to have a better picture of the company's CSR socioeconomic efficacy and areas that it can improve on to efficiently contribute to local development, views of other stakeholders in the wider community could have provided a richer source of knowledge. Additionally, greater insights could have been gained by extending the study to other companies practicing CSR in a rural community to obtain a view that could be generalized. Future research therefore could look at including more stakeholder beneficiaries and more companies. This would give clearer picture of whether companies' strategies are really socioeconomically effective or whether a different approach should be taken altogether.

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Appendices

Appendix 1. Fous Group Disussion Guide for the Local People

Group Details

Group Number…….

Village…………………………………..

Discussion Questions:

1. What is the extent of Illovo's philanthropy towards the local people?
2. What is the extent of Illovo's employee welfare towards you?
3. What is the extent of Illovo's healthcare assistance towards the local people?
4. What is the extent of Illovo's educational assistance towards local people?
5. What is the extent of Illovo's infrastructure development towards local people?
6. How satisfied are you with Illovo's philanthropic activities?
7. How satisfied are you with Illovo's employee welfare?
8. How satisfied are you with Illovo's healthcare assistance?
9. How satisfied are you with Illovo's educational assistance?
10. How satisfied are you with Illovo's infrastructure development?

Kodi Illovo imakuthandizanimokuyabwanji pa zinthuizi:

- Zogawagawamongandalamakapenazinthuzinazokuthandizaniinu, ndianthuena a m'mudziuno, pa umoyowanuwasikundisiku ?
- Zamasamalilidweanu pa nkhaningatimalipiro, ma Benefitindizinazotero, inuyomongaanthuowagwilirantchito?
- Zamasamalilidweanundianthuenaam'mudzimuno pa zaumoyo, mongamukadwala?
- Zopititsapatsogolomaphunziroanukapenaaanaanu?
- Zokukonzeranizinthumongamisewu, zipangizozamadzi a ukhondo, magetsindizinthuzinazimenezingatukuleumoyowanu

Ndinuokhutisidwabwanji pa zinthuzimenezi? (Funsani chimodzichimodzi)

Appendix 2. Focus Group Discussion Guide for the Employees

Group Details

Group Number…….

Employee Category…………………………………..

Discussion Questions:

1. What is the extent of Illovo's philanthropy towards you?
2. What is the extent of Illovo's employee welfare towards you?
3. What is the extent of Illovo's healthcare assistance towards you?
4. What is the extent of Illovo's educational assistance towards you?
5. What is the extent of Illovo's infrastructure development towards you?
6. How satisfied are you with Illovo's philanthropic activities?
7. How satisfied are you with Illovo's employee welfare?
8. How satisfied are you with Illovo's healthcare assistance?
9. How satisfied are you with Illovo's educational assistance?
10. How satisfied are you with Illovo's infrastructure development?

Kodi Illovo imakuthandizanimokuyabwanji pa zinthuizi:

- Zogawagawamongandalamakapenazinthuzinazokuthandizaniinu pa umoyowanuwasikundisiku?
- Zamasamalilidweanu pa nkhaningatimalipiro, ma Benefitindizinazotero, inuyomongaanthuowagwilirantchito?
- Zamasamalilidweanu pa zaumoyo, mongamukadwala?
- Zopititsapatsogolomaphunziroanukapenaaanaanu?
- Zokukonzeranizinthumongamisewu, zipangizozamadzi a ukhondo, magetsindizinthuzinazimenezingatukuleumoyowanu

Ndinuokhutisidwabwanji pa zinthuzimenezi? (Funsanichimodzichimodzi)

Appendix 3. Request for Permission

To: The Group Human Resources Manager

Illovo Sugar Malawi Limited

30^{th} August, 2012.

REQUEST FOR PERMISSION TO CONDUCT A RESEARCH STUDY

I am a student pursuing a Master of Arts Degree in Development Studies at Chancellor College, University of Malawi. I am intending to carry out a practical academic research concern the Corporate Social Responsibility Initiatives of Illovo in its area of operation, specifically Nchalo. The study is designed to commence in the month of September and end in October, 2012. I, therefore, request your permission to let me undertake the study within this area of your organization's operation.

I wish to get as much relevant information as I can from my interaction with some employees in the lowest level category as well as the local people. The sought information is solely to be used for academic purposes. Participants will not be forced in any way to take part in the study and confidentiality will be highly valued and maintained.

Your favorable response will be highly appreciated.

Yours sincerely,

SHEENA KAYIRA.

Appendix 4. Verbal Consent Form

My name is Sheena Kayira and I am a student pursuing a Master of Arts Degree in Development Studies at Chancellor College, University of Malawi. I am carrying out a research concerning the Corporate Social Responsibility Initiatives of Illovo in its area of operation, specifically Nchalo. I wish to get as much relevant information as I can from my interaction with you. I have obtained permission from Illovo headquarters.

You have been selected as one of the people who can give me information on the topic of study in question. I would like you to participate in this study. You are not forced to participate if you do not feel like doing so and your decision not to participate will not affect your life or welfare in any way.

I wish to assure you that everything that we discuss or what you say on this issue will be treated with ultimate confidentiality. As we discuss I will be taking notes of the deliberations. The purpose for doing so is to keep proper record of what we discuss.

Do you have any question on what I have said? Yes/No

Are you willing to participate in the discussion? Yes/No

Signature of the Interviewee………………………………..

Date…………………………………