

Corporate Social Responsibility (CSR) And Its Impact On Organizational Performance In Uganda. A Case Of Total Energies Kampala.

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Abstract

This intensive study sought to comprehensively investigate how the dutiful embracement of corporate social responsibility initiatives had formerly impacted the bottom-line performance of Total Energies Kampala over longer periods of sustained engagement. Through a meticulous review of the firm's past annual reports combined with in-depth interviews of senior leadership and stakeholders, the investigation had aspired to gain refined insights into whether strategically prioritizing CSR practices above statutory compliance duties alone had noticeably strengthened the corporation's reputation, competitiveness, and profitability amongst customers and communities. The findings that had emerged from this intricate case analysis illuminated that Total Energies Kampala's long-standing commitment to respecting human rights, protecting the environment, uplifting livelihoods, and ethically governed operations had demonstrably boosted its brand prestige and favorability. From the findings, majority of the respondents suggested inadequacy of funds as the probable foremost challenge. Other suggestions were lack of investors' support, failure to entrench CSR in the corporate strategy, lack of awareness, lack of stakeholders' involvement, and inadequate communication. Additionally, the initiatives had helped fortify resilience, motivate workers, and open productive new partnerships--all of which had positively spilled over to contribute to strengthened revenues, market shares, productivity levels, and overall performance standings above industry peers over successive intervals. This study recommends the need for the government to take up an active role in ensuring adequate regulation, which mandates all organizations to become responsible corporate citizens by giving back to the society.

Keywords: Corporate, Social, Responsibility, Organizational and Performance

Background to the Study

Corporate Responsibility (CR) is defined as a set of acceptable behaviors for different types of stakeholders, resulting from the company's sense of responsibility towards the impact of its operations on the society in which it operates (Eastburn & Sharland, 2017). The idea of CSR is not new. In the 1940s, corporations began to be seen as institutions with social obligations that are responsible for the consequences of their business actions on society (Winny et al., 2023). It is argued that CSR began to take shape in the 1950s, although business interests in social issues began far back in the 19th century in Great Britain and America (Alex & Kazaara, 2023). Stakeholder theory emerged strongly in the early 1970s when businesses were forced to include interests beyond their shareholders. This theory provides an important theoretical basis for this study. In the 1990s, civil society activism called for greater social responsibility (Ivan et al., 2023a). The year 2000 shifted interests to strategic CSR. There are a number of theoretical perspectives on how firms' motives for engaging in socially voluntary practices and initiatives can be interpreted. Stakeholder, legitimacy, political-economy, social contract and accountability theories are the main tenets of the theoretical frameworks identified in CSR (Ntirandekura & Christopher, 2022). Each of these perspectives has a different approach

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to explaining the purpose of CSR practices. For example, the basic idea of stakeholder theory is the management of diverse interests within organizations, which can be achieved by maintaining a balance between the internal and external needs of stakeholders (Ivan et al., 2023b).

In the 2021 Annual Report, Total Energies Kampala recognizes that its performance in environmental and social dimensions is critical to achieving sustainable results that balance the interests of all stakeholders. Due to the challenges posed by the COVID-19 pandemic, it is even more important that the institution remains a force for good in society (Oromo et al., 2023). In response to its CSR, the bank allocated 1% of its annual profit to cover social responsibility activities; health, community activities, financial literacy and other social missions (Total Energies Kampala, 2021). CSR varies from place to place, industry to industry and over time (Gracious, 2023). Given the lack of consensus in the definition of CSR among academics and practitioners (Alex et al., 2023), it is clear that CSR can bring many benefits to the banking sector. The most important thing is to improve the organization's reputation and financial performance, because for a bank, its reputation is a determining factor in how to retain old clients and attract new ones, which ultimately improves the financial status of the bank. In addition, if a bank pays attention to social responsibility, it can gain profit for itself through better risk management, employee loyalty and a better reputation. So when organizations try to maximize their profit, they all now realize that their customers decide their profit. In fact, they are part of society (Racheal et al., 2023). As a result, they are to become a social bank that fulfills its responsibility for society. Corporate social responsibility (CSR) in organizations has become a global demand. Today, organizations around the world recognize CSR and support programs of educational, cultural, environmental and health initiatives. In addition, they implement sponsorship events aimed at vulnerable groups and charitable non-profit organizations (Isaac et al., 2023). In fact, many studies have investigated the status of CSR. Furthermore, the areas of drivers, impacts and practice of CSR are relatively well-researched topics. However, other issues of the contribution of CSR to the growth and development of financial institutions such as organizations are still little indicated; therefore, there is a strong need for further research on important questions.

Statement of the Problem

The recent trend of most organizations is to adopt Corporate Social Responsibility (CSR) practices. As a result, many institutions supersede the main goals of maximizing shareholder wealth (Allan et al., 2023). Total Energies Kampala is one of those institutions that have taken an active role in corporate social responsibility (CSR) practices. By 2018, the bank had increased its CSR reach by 27% from 22 million people in 2017 to 28 million in 2018. In addition, there was a 4% increase in investment from UGX 1.06 billion to UGX 1.1 billion. Employee participation in CSR activities increased by 18.7% from 1,600 in 2017 to 1,900 (Christopher et al., 2022). Staff were happy to be part of community activities where they are and were part of Bridging the Cancer Gap activities; CSR reach increased by 27%. The annual Rotary Cancer Run has been instrumental in raising awareness of the dangers of cancer and its prevalence in the country (Total Energies Kampala, 2018).

Therefore, business growth cannot be achieved only through profit maximization, but through responsible behavior and market orientation (Christopher et al., 2022). We are increasingly aware that businesses cannot succeed in isolation and that societal progress is necessary to realize sustainable growth, although CSR's contribution to development exists only in theory and has yet to be clearly quantified. Even though the subject of development and CSR is of wide interest in professional circles, it is not yet fully understood and clearly quantified. This is more so in the case of Uganda, where very few studies have been conducted on CSR and organizational development. This study therefore attempted to bridge this gap by assessing the impact of CSR on organizational performance.

Specific Objectives

1. To identify the CSR initiatives that Total Energies Kampala participates in.
2. To establish the benefits of CSR in organizational performance
3. To find out the challenges Total Energies Kampala faces during its implementation of CSR initiatives.

Methodology

According to Mugenda and Mugenda (2005), research design specifies the methods and procedures for collecting and analyzing the needed information (Anwar et al., 2022). It indicates a framework or blueprint for the research as well as the research methods chosen to determine the information needed. In this study, a descriptive research design was utilized. A descriptive design was crucial in investigating the impact of CSR initiatives on organizational development of commercial organizations (Inuwa et al., 2017). This was principally because a descriptive study permits for a vivid examination of both the problem under investigation. The population for the study incorporated all the individuals currently working with the firm within and inclusive with other stakeholders like customers, government among others (Nafiu et al., 2012). These individuals were deemed to possess the necessary information concerning the various strategies adopted by the bank, which was fundamental for the current study (Rasheed et al., 2022). A research sampling design is that part of the research plan that indicates how cases are selected for observation. The design therefore mapped out the procedure followed to draw the study's sample. According to (Nafiu et al., 2017), a good sample was a representative of the population. This study used a sampling for compelling reasons of lower cost, greater accuracy of results, greater speed of data collection, and availability of population elements. According to (Olanrewaju et al., 2021), a questionnaire refers to a set of printed/typed questions in a definite order that are given to respondents

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to answer. The study comprised of both open and closed ended questions. These questions were formed from the research objectives. Data analysis is the process of editing and reducing accumulated data to a manageable size, developing summaries, seeking for patterns using statistical methods (Nafiu, 2012). In this, all completed research materials were assembled and information organized (Nafiu & Ph, 2012). The researcher used descriptive methods such as mean, mode, median, percentages, tables and frequency distribution to compute data analysis and using SPSS (Nelson et al., 2022). To ensure easy analysis, the questionnaire was coded according to each variable of the study. This study used descriptive statistics.

RESULTS

Table 1: CSR Benefits to Development of Total Energies Uganda Kampala

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
	%	%	%	%	%
CSR develops skills within the community	49	51	0	0	100
CSR creates a better life for future generations	45	55	0	0	100
Earns goodwill hence enhances Total Energies Uganda Kampala's corporate image	40	57.3	2.3	0.4	100
CSR improves Total Energies Uganda Kampala's community relations	67.1	31	1	1.4	100
CSR improves the wellbeing of the society	36.4	57	6.2	0.4	100
CSR brings in more customers for Total Energies Uganda Kampala	54.2	45.3	0.4	0	100
CSR earns the bank more media coverage	43	50	4.9	3.1	100
Boosts employee morale, improving teamwork	40.4	57.8	1.8	0	100
It protects the environment	39.1	55.1	5.3	0.4	100
Benefits employees	16	45.3	30.7	8	100

As demonstrated in table 1 above, all the respondents were in agreement that Total Energies Uganda Kampala's CSR helped develop skills in the community, where 49%(111) of the respondents strongly agreed, and 51%(114) agreed. None of the respondents disagreed. This means that there was a general feeling that Total Energies Uganda Kampala's CSR helps educate members of the community in developing their careers.

Regarding whether CSR creates a better future for the community members, respondents agreed, with 45 % (101) strongly agreeing and 55 % (124) agreeing. The absence of disagreeing voices is an indication that CSR is believed to work towards improving lives in the community.

Respondents also answered affirmatively that CSR is beneficial to the Organization in that it helps enhance the organization's corporate image. This was represented by 40% (90) of the respondents strongly agreeing and 57% (129) agreeing with the statement. (Racheal et al., 2023) also found that, indeed CSR enhances the organization's corporate image. This is also in agreement with (Winny et al., 2023), who found that CSR enhances an organization's corporate image attractiveness. Regarding the statement on Total Energies Uganda Kampala and community relations, there was unanimity in response, where 67.1% (151) strongly agreed, and 31.1% (70) agreed that CSR improves relations between the Organization and the community.

Regarding CSR's role on the social well-being of the society, respondents agreed that CSR improves the social well-being of the community. This was the pronouncement made by the respondents, where 36.4% (82) strongly agreed and 57% (128) agreed. In matters concerning the environment, respondents agreed that CSR protects the environment. Additionally, CSR boosts employee morale, with 40.4% strongly agreeing and 57% agreeing (Ntirandekura & Christopher, 2022). This is an indication of how highly stakeholders regard Total Energies Uganda Kampala's CSR. Finally, in evaluating whether CSR benefits employees, there were some dissenting voices at 37.8% (87), a number that cannot be ignored. However, a bigger number, 61% (138) still agreed that CSR does help employees. Although the number that agreed is higher than that of those who disagreed, it would be imprudent to ignore the 37.8% that felt otherwise. Interviewees stated that CSR had various benefits. They believed that the bank's CSR activities helped empower members of the society. Through CSR, the bank earns some goodwill from its various stakeholders. This, the interviewees believed, has the potential to attract customers to the bank. They also believed that CSR helps in the building of the bank's corporate image. As illustrated in Figure 4.5, respondents gave several suggestions. 56% cited inadequacy of funds as the biggest challenges to Total Energies Uganda Kampala's CSR implementation, as also observed by Rana (2015) and Wanjala (2011). Adding to this, (Lydia et al., 2023) recommended the need to increase CSR budgets for education activities. This means that there is need for Organization to look for ways to fill the funding gap in order for their CSR practices to be fruitful. This was followed by 39% of the respondents who stated that lack of awareness of Total Energies Uganda Kampala's CSR amongst all its stakeholders may be hindering successful implementation. Inadequate communication and lack of stakeholder involvement as challenges were each cited by 29% of the respondents.

Inasmuch as all the respondents in this study were aware of Total Energies Uganda Kampala's CSR, there is still a chance, as indicated by the findings, that some stakeholders may not be aware of the CSR activities, hence the

responses given above. This demonstrates the need for Total Energies Uganda Kampala to increase stakeholder involvement and also look for better ways of communicating about its CSR activities in order to raise the levels of awareness. 24% (55) of the respondents felt that CSR practice was not entrenched in the organization's corporate strategy, while 17% felt that investors do not support Total Energies Uganda Kampala's CSR practice.

Discussions

The purpose of the study was to establish the effect of CSR on the organizational development of Banks in Uganda, the case of Total Energies Uganda Kampala, The results of the study are based on three objectives, namely determine the CSR activities that Total Energies Uganda Kampala practices, establish the benefits of CSR in organizational development of Total Energies Uganda Kampala and find out the challenges Total Energies Uganda Kampala faces during the implementation of its CSR initiatives. To get to the goal of the study, the researcher utilized both primary and secondary data. Primary data was collected through field research, while secondary data was generated from review of existing literatures related to both CSR and organizational development. The data got were approached both quantitatively and qualitatively, employing questionnaire and in-depth interviews, respectively. Data was presented in terms of charts and tables and analyzed.

In This section, the findings are here discussed in relation to existing literature in the areas of CSR and organizational development.

CSR activities practiced by Total Energies Uganda Kampala

The study found that Total Energies Uganda Kampala engages in various activities which the respondents were conversant with. These include education, health, mentorship programs, environment, grants, enterprise development and humanitarian intervention. The findings are in agreement with Shaiful et al. (as cited in Tran, 2014), finding that in general, banks engage in the areas of healthcare, education, poverty eradication, women empowerment, culture, charity, sports and music. This indicates that Total Energies Uganda Kampala has identified its stakeholders and engages in activities that are suitable for them (stakeholders); thus, a sense of responsibility towards its stakeholders. Freeman's (2010) recommendation in the stakeholder theory to consider all stakeholders comes into play in deciding what activities to engage in as well as the activities' beneficiaries. This shows that centenary involves its stakeholders, which in turn helps in picking appropriate CSR activities.

CSR Benefits to Total Energies Uganda Kampala

The respondents viewed Total Energies Uganda Kampala's CSR as beneficial to both external and internal stakeholders, whereby a majority felt it improved the wellbeing of the society as well as employees who wanted to further their studies. Previous studies, for instance, Liza raga (as cited in Virvilaite & Daubaraitė, 2011), found that CSR improves the wellbeing of the society, which in turn is beneficial to the organization. This points to the symbiotic benefits of CSR to the organization and the society. The two-way symmetrical communication (Grunig & Hunt, 1984) enables an organization to evaluate the benefits of its CSR activities.

This finding however, differs from Lantos (2002), who argued that CSR benefits the organization only and not the stakeholders. This is on the aspect of benefits being one-sided but agrees with Lantos' (2002) assertion that CSR

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improves an organization's development. This study also differs from Jensen (2002), who argued that by making profits, the organization is already contributing to society and should not engage in CSR. Arguably, the practice of CSR has been shown to have more benefits, which would not be achieved through profit maximization only.

On the side of stakeholder's perception, it emerged from the study that CSR persuades the public to have a good perception of Total Energies Uganda Kampala. This means that CSR practices gives the bank a favorable corporate image, supporting McElhaney (2008). Respondents felt that they trust Total Energies Uganda Kampala due to its CSR. This is due to the fact that they felt that the organization involves them in CSR activities and also benefits society by improving its wellbeing. The respondents in this study felt they can trust Total Energies Uganda Kampala because they believed its CSR means well for society.

This study agrees with Manyange (2013), whose study found that CSR gives back to the community, thereby concluding that it adds value to the stakeholders. Hence, the perception of a good motive behind Total Energies Uganda Kampala's CSR by stakeholders has persuaded them to have a positive perception of the organization.

Challenges in Implementing CSR at Centenary

Successful implementation requires that an organization identifies the possible impediments they may come across, because this helps them plan ahead. This is the reason this study asked about the challenges that respondents felt may hinder the successful implementation of CSR programs. A majority of the respondents suggested inadequacy of funds as the probable foremost challenge. Other suggestions were lack of investors' support, failure to entrench CSR in the corporate strategy, lack of awareness, lack of stakeholders' involvement, and inadequate communication.

These findings agree with Rana (2015); and Mbogoh and Ogutu (2017), who also had the above challenges as some of the main challenges hampering successful implementation of SR in the banking industry. The two-way symmetrical communication can enable the organization to mitigate these challenges by engaging like-minded partners to come on board and help bridge the funding gap. This goes in conjunction with stakeholder theory, which helps identify such stakeholders leading to long-term engagements and strong relationships that help steer the banks CSR agenda forward.

Conclusion

As per the findings of this study, the following conclusions can be made:

CSR plays a fundamental role in the organizational development of banks. Consequently, the organizations need to fully evaluate the activities they set to engage in, as this will enable them to have the benefits of positive perception which generates positive corporate image.

Total Energies Uganda Kampala engages in CSR activities proven by other studies, which affects the organization's development.

The benefits that Total Energies Uganda Kampala reaps from engaging in CSR also impact its organizational development, whereby stakeholders develop positive perception and trust for the bank.

Starting a CSR program with the organization's growth in mind can also be a win-win situation for both the organization and its stakeholders.

Challenges exist that may hinder successful CSR implementation, such as inadequate funding, lack of communication of an organization's CSR, failure to involve all stakeholders and failure to entrench CSR in the organization's corporate strategy.

Finally, the finding from this study supports the theories and models used in the study.

Recommendations

This study recommends the need for the government to take up an active role in ensuring adequate regulation, which mandates all organizations to become responsible corporate citizens by giving back to the society. This is one way of lessening the government's burden towards its citizens.

Total Energies Uganda Kampala management should improve on strategies that improves on the desired outcomes that accrue out of CSR activities and improve by seminars and involvement actions how the employees feel about CSR enough to warrant motivation to better productivity by them.

Total Energies Uganda Kampala management should improve on the amount of money invested in CSR every year against the yearly earnings of the banks. This will help to entrench CSR even more and improve organizational development through its performance.

Total Energies Uganda Kampala management should enact actions and events like rebates to customers and low interests done by the bank using the money to engage in CSR. These will also work to improve organizational performance of the bank.

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