

Development of corporate social responsibility projects in Angola

Pedro Luiz Cortes, João Roberto Cordeiro Duarte and Sylmara Lopes Gonçalves Dias

Pedro Luiz Cortes is an Assistant Professor based at GeAS – PMDA, Universidade Nove de Julho – Uninove, São Paulo, Brazil and SGA – ECA, Universidade de São Paulo – USP, São Paulo, Brazil. João Roberto Cordeiro Duarte is based at Department of Accounting, Sociedade Mineira de Catoca, Saurimo, Lunda Sul, Angola. Sylmara Lopes Gonçalves Dias is a Professor based at EACH, Universidade de São Paulo– USP, São Paulo, Brazil.

Abstract

Purpose – This paper aims to consider the development of corporate social responsibility (CSR) projects by Catoca, a diamond mining company in Angola, along with the effectiveness of these projects, and the benefits to stakeholders.

Design/methodology/approach – The research method used was direct observation and semi-structured interview with executives and administrative employees of the company, and collaborators of CSR projects, during 2010, 2011 and 2012. We also analyse documents about CSR projects developed by Catoca and identify the challenges faced.

Findings – The management of CSR projects is hampered by the low disclosure of results and the absence of social indicators. This may generate inadequate results compared to investment. The assumption of low stakeholder expectation and the absence of social indicators may lead to neo-philanthropic or preconceived actions that ignore local peculiarities.

Research limitations/implications – This study is limited to one company, and the lack of social indicators means it is difficult to evaluate the reported results.

Practical implications – This paper improves understanding of the challenges involved in CSR projects in Africa and may also be useful for companies that develop CSR projects, drawing attention to issues that could compromise the proper use of resources and hamper results.

Social implications – This study considers Angola, which is using its natural resources to boost economic and social development, establish partnerships with foreign companies and encourage the development of CSR programmes which often end up filling gaps left by the absence of government action.

Originality/value – This study contributes to the largely under-researched area of CSR projects in Angola.

Keywords Africa, Disclosure, Corporate social responsibility, Angola, Diamond mining company

Paper type Case study

1. Introduction

During the twentieth century, many African countries faced long periods of civil wars and conflicts, with mineral resources – especially crude oil and diamonds – used to finance these actions (Bertocchi and Guerzoni, 2012; Kahn, 2011; Brunnschweiler and Bulte, 2009). These conflicts have prevented several generations from reaching an acceptable standard of quality of life, access to education and medical and social assistance, and have also affected the existing infrastructure, thereby hindering economic development (Akresh *et al.*, 2012; Dupas and Robinson, 2012; van Niekerk, 2012; Cederman and Girardin, 2007).

This is also true within Angola, which, during the past ten years, has been undergoing a period of reconstruction after > 40 years of wars and armed conflicts. The country is still in a formation period, and is taking the initial steps of a long process of overcoming social, political, economic and environmental problems. To accomplish this goal, Angola has been partnering with foreign companies seeking technology and sources of funding and using its natural resources to boost its economic and social development (Tobey and Perera, 2012).

Received 15 January 2012
Revised 4 March 2013
Accepted 10 March 2013

The authors of this study would like to thank the Universidade Nove de Julho and Sociedade Mineira de Catoca Ltd. for the support given to this research.

In many cases, companies end up filling the gaps left by the government in terms of the promoting corporate social responsibility (CSR) projects in the vicinity of their operation sites to ensure the minimum living conditions for people in poor areas are met (Valente and Crane, 2010).

Although this alternative has been adopted by other developing countries, it has faced some criticism (Haalboom, 2012). The development of CSR projects is usually valued by stakeholders, but they also criticise those that seem to serve the purpose of diverting attention from more relevant issues (Claasen and Roloff, 2012). Furthermore, the presence of large companies can create islands of wealth and high productivity in an ocean of poverty and low productivity (Sachs, 2008). An increase of social differences can result, which often gives the impression that all challenges are being addressed appropriately when, in fact, they are not. Some researchers suggest, however, that economic development will prevent new wars, which, in turn, will require a higher level of governance and the implementation of political, economic and social reforms (Kolk and Lenfant, 2010; Elbadawi *et al.*, 2008). According to this line of thought, private companies can make an important contribution to improving the social, economic and environmental conditions in Africa (Visser, 2005). This issue underscores the importance of the debate on the contribution of CSR projects to the country's recovery because there is a risk that public affairs could be overrun by corporate interests.

This perspective underscores the present case study, which critically analyses the CSR projects developed by a private company in Angola. In light of the literature, contributions towards economic and social development are identified, along with failures and opportunities for improvement. The company selected for the case study is Catoca Mining Society Ltd. – formed by Endiama (an Angolan state company, which holds 32.8 per cent of the capital), Alrosa (Russian, 32.8 per cent), Daumonty (Israeli, 18 per cent) and Odebrecht (Brazilian, 16.4 per cent). This company was chosen for three reasons:

1. It represents a typical partnership between the government and foreign companies seeking technology and sources of funding.
2. It mines diamonds in a poor and isolated region that had no prior infrastructure, and whose local population suffered from lack of basic social services such as education and health care.
3. It has developed several CSR programmes in the region in which it operates, thereby occupying the gap left by the absence of governmental programmes.

For many years, subsistence agriculture and the low-scale mining of diamonds were the only economic activities in the region of Saurimo; this mirrored the situation found in others areas of Angola. The exploitation of diamonds on a larger scale only began in the second half of the 1990s, and remains the main economic activity in the region to date. In this region, there was no infrastructure for the development of mining activities. Likewise, the local people lacked the basic education and professional training required to work with this kind of activity. It was necessary to invest in education, agriculture, social support and even leisure activities just to meet basic demands, which the government of a country under reconstruction cannot fully comply with. For these reasons, Catoca invested US\$54 million between 2006 and 2011 in CSR programmes to create the additional infrastructure for the mining operations; this represented 1.85 per cent of its gross sales during the period.

To meet the research objectives, a case study was developed via the direct observation of Catoca's activities, and semi-structured interviews were conducted by the authors with executives and administrative employees of the company and collaborators of CSR projects. The observations and interview results were supported and complemented by information obtained from internal documents and reports (primary sources), which were analysed by the authors. This article examines how the projects have been developed, along with their impacts and the related issues and challenges and opportunities for better

execution of CSR actions. It also proposes some alternatives for conducting projects together with stakeholders, suggesting a reorganisation process and a change in the focus of certain activities.

1.2 Theoretical basis

In developing countries, there is an expectation that multinational companies will provide some social services and develop programmes for well-being, in addition to their normal economic activities, and that the development projects should be prioritised (Bardy *et al.*, 2012; Ramlall, 2012; Hilson and Clifford, 2010; Visser, 2005). However, while there is a view that CSR projects can similarly contribute to the economic and social development of sub-Saharan Africa, this has not been fully verified (Mbadlanyana *et al.*, 2011; Hakeem, 2010). One reason for this is that multinational companies that operate in Africa have a tendency to use preconceived solutions for the development of CSR projects. This vision is dominant among multinational companies working in developing countries and compromises the results of any actions that are carried out (Idemudia, 2011). The use of preconceived solutions demonstrates that mainstream CSR is often insensitive to local issues, especially in the context of African countries (Adewuyi and Olowookere, 2010; Jallow, 2009). An additional problem is the involvement of large corporations with local politics. Although it should not happen, some companies become involved with local political affairs to preserve their interests. In cases like this, CSR projects are no longer an instrument of transformation, and begin to serve other purposes (Tobey and Perera, 2012; Yakovleva and Vazquez-Brust, 2012; Wiig and Kolstad, 2010).

Presently, there is a clear trend towards the abandonment of philanthropic practices in favour of developing transformative actions in CSR projects. However, some projects are not able to achieve financial sustainability. As a result, these projects require additional resources for an indefinite period of time, resulting in a kind of “neo-philanthropy”. In these cases, although there is a more formal conception of CSR which aims at a change in social structures, the social frame remains the same (Jallow, 2009). One reason for this may be that CSR emerges in large companies and in business schools as a public relations tool and as a means of reducing criticism, therefore, potentially allowing companies to capitalise on actions related to “doing good” (Jackson and Apostolakou, 2009) based on global corporate strategies, without paying attention to the peculiarities of each region (Yakovleva and Vazquez-Brust, 2012). It is important to note that a superior performance in terms of social indexes and indicators does not necessarily imply the development of strategies that effectively lead to fighting poverty and social exclusion (Newell and Frynas, 2007). Those researchers ponder that although there are compatible areas, CSR as a business tool is different from CSR as a development strategy. In spite of the numerous statements made about the positive and negative consequences of CSR, however, there is little information on the results obtained (Blowfield, 2007; Newell and Frynas, 2007). This highlights the necessity for adequate disclosure of CSR projects, which would provide managers with relevant information and allow them to assess their CSR actions. Furthermore, the pressure for companies to act proactively and divulge any actions taken towards CSR plans has increased (Arvidsson, 2010; Jackson and Apostolakou, 2009).

The analysis of CSR projects is hampered by the difficulties some companies face in demonstrating evidence of the values invested and appropriately organising the results, or due to the lack of demonstrable results. Some statements from organisations concerning CSR seem to be structured around basic buzzwords, for instance, “creating value for society, creating value for our shareholders” (Blowfield, 2007). This author concludes that, despite the mention of intentions and impacts, this kind of statement does not foster an understanding of what is effectively being obtained via CSR actions. Several proposals have been made to facilitate the presentation of CSR information and the measurement of results. It has been observed that proposals for social performance indicators presented by the European Federation of Financial Analysts Societies, the Society of Investment

Professionals in Germany and the Swedish Society of Financial Analysts may aid decision-making within CSR projects (Arvidsson, 2010). However, professionals interviewed by Arvidsson (2010) stated that they consider it difficult to document and communicate the economic results of CSR projects to external stakeholders. Gray (2010), in his turn, developed a test with the objective of examining how sustainability reports may create value for shareholders. It is worth highlighting a study which observed that companies who voluntarily disclose CSR reports show improved performance in developing these activities (Dhaliwal *et al.*, 2011).

The importance of the role of governments and banks as inducers of the publication of CSR reports by companies has also been considered in the literature (Prado-Lorenzo *et al.*, 2009). Such authors suggest that governments play a fundamental role in, and are the main agents of, change, especially concerning the regulation of transparency in social and environmental behaviour, and the truthfulness of CSR reports. Nevertheless, Prado-Lorenzo *et al.* (2009) conclude that although banks may positively influence their corporate clients by making them disclose their CSR reports, financial institutions are not necessarily interested in the truthfulness of those documents. It is also necessary to consider that most of the information related to the disclosure of CSR projects is integrated into mandatory annual accounting reports (Sawani *et al.*, 2010). Sawani *et al.* (2010) show that only a small number of companies use specific reports to disclose information on their CSR projects. Even when specific reports are published, they are usually constructed using some pre-established criteria as a guideline, which are either set by an external organisation or come from the internal guidelines of the company itself (Ballou *et al.*, 2006). Although this may lead to the use of models that mischaracterise the actions taken, the use of good references can be of great assistance. As the basic attention of most shareholders is directed to the disclosure of financial results, many corporations have also started to voluntarily communicate their environmental and social achievements.

Although CSR actions may benefit a company (Lai *et al.*, 2010), such projects tend to be long term and difficult to quantify, thus reinforcing the need to think about appropriate ways in which to document socio-environmental results (Jones and Jonas, 2011). Among the external proposals, the most used guidelines are those set by the Global Reporting Initiative (GRI). Launched in 1997, the GRI has been adopted by a growing number of companies, and provides the credibility needed for their guidelines to be accepted. The objective of the GRI is to help organisations to present information that enables clear measurement of the impact of their actions, and is made relevant to stakeholders by promoting dialogue. The GRI also enables the continuous improvement of performance that can be easily understood, and facilitates comparisons with reports from other organisations.

The literature outlined above brings to the fore relevant considerations about the development of CSR projects, thus contributing to a better foundation for this case study. The literature provides evidence of CSR's importance for social development (Hinson and Ndhlovu, 2011; Visser, 2005), economic development (Ramallal, 2012) in resource-poor regions and in filling the gaps left by the state, especially in post-conflict regions (Kolk and Lenfant, 2010; Valente and Crane, 2010). Although related studies demonstrate the importance of CSR actions (Bardy *et al.*, 2012), criticisms or scepticism regarding CSR can also be seen because it is not always true that the proposed benefits are achieved for the purposes of CSR; rather, CSR projects often serve only to divert attention from the more important facts (Claasen and Roloff, 2012; Haalboom, 2012; Tobey and Perera, 2012; Yakovleva and Vazquez-Brust, 2012; Wiig and Kolstad, 2010). In addition, although it has been posited that CSR projects may contribute to the economic and social development of sub-Saharan Africa, even this has not always been verified (Idemudia, 2011; Mbadlanyana *et al.*, 2011; Adewuyi and Olowookere, 2010; Hakeem, 2010; Jallow, 2009; Newell and Frynas, 2007).

The literature review highlights different reasons for the lack of positive results in this regard:

- the conception of CSR projects as business tools (Jackson and Apostolakou, 2009; Newell and Frynas, 2007);
- the lack of attention to the peculiarities of each region (Yakovleva and Vazquez-Brust, 2012; Adewuyi and Olowookere, 2010; Jallow, 2009); and
- the adoption of preconceived solutions (Idemudia, 2011) and its use for deviant purposes, such as to facilitate involvement with local political affairs to preserve company interests (Tobey and Perera, 2012; Yakovleva and Vazquez-Brust, 2012; Wiig and Kolstad, 2010).

As a result, some projects have a permanent demand for resources (Jallow, 2009), which may lead to the closure of actions without securing significant changes in the social or economic framework. This contributes to the low level of disclosure with respect to results (Kabir and Akinnusi, 2012; Blowfield, 2007; Newell and Frynas, 2007). This problem deserves greater attention from managers (Dhaliwal *et al.*, 2011; Arvidsson, 2010; Sawani *et al.*, 2010; Prado-Lorenzo *et al.*, 2009), who should consider the most appropriate use of the funds invested and observe the expectations of stakeholders and perspectives of shareholders (Hinson and Ndhlovu, 2011; Jackson and Apostolakou, 2009).

1.2 Methodology

The paper uses a case study methodology to analyse the CSR projects developed by Catoca. This company was selected because it operates in a country that has suffered from decades of wars and rebellions, which have led to a need for CSR projects to ensure that the minimum social conditions are met in post-conflict areas. Moreover, it is important to reflect that these projects help the company to expand the necessary infrastructure for its operation. The research method used was direct observation and semi-structured interview, which was conducted by the authors with executives and administrative employees of the company, and collaborators of CSR projects, during 2010, 2011 and 2012. The observation and interview results were supported and complemented by information obtained from internal documents and reports (primary sources), which were also analysed by the authors. This analysis, which was conducted with the aid of the conceptual framework that has emerged from the literature review, made it possible to identify the main challenges and problems encountered in the development of CSR projects by Catoca. This methodological strategy was supported by a specialised bibliography (Woodside, 2010; Yin, 2008; Gerring, 2006; Hancock and Algozzine, 2006; George and Bennett, 2005).

1.3 CSR projects developed

In the region of Saurimo, similar to other regions in Angola, subsistence farming and small diamond mining were traditionally the only economic activities. Diamond mining on a larger scale only began in the second half of the 1990s and remains the main economic activity in the region to date. Twenty years ago, this region had minimal infrastructure for the development of mining projects, and the local population was not prepared to perform the tasks required by this type of activity. It thus became necessary for Catoca to invest in basic infrastructure and education projects, social support, health and even leisure facilities to ensure that the minimum conditions of operation for a large mining company in this region were met. Moreover, difficulties relating to obtaining food for its employees led the company to develop agricultural projects, thereby providing jobs for the inhabitants who were used to working in subsistence agriculture. Some of these activities are considered to be outside of the core business of the company, and necessary to fill the gaps left by the government, leading them to be evaluated as CSR projects.

These programs received investments of US\$54 million between 2006 and 2011, representing 1.85 per cent of the company's gross sales in the period. As can be observed from Table I, the company's gross revenue grew between 2006 and 2011, despite having suffered a decrease of approximately 12 per cent in the wake of the international financial crisis, declining from US\$494 million (2008) to US\$438 million (2009). In 2010 and 2011, however, there was a recovery in earnings, reaching US\$527 and US\$611 million, respectively.

Although there is a clear motivation for the development of these projects, it does not eliminate the need for a critical analysis of the benefits to stakeholders and the sustainability of the results. Such an analysis must, however, consider the effectiveness of the projects developed from the perspective of reducing local failures to mining operations (for example, investments in infrastructure or professional education) in relation to the benefits they generate for stakeholders. It is always important to consider the risk that the business interests will outweigh the interests of the state and civil society (Boje, 2002).

A similar situation occurs when investments in CSR are reduced to the status of "greenwashing" (Bond, 2008); here, there is no guarantee that stakeholders will benefit, as there is no guarantee of the sustainability of the achievements. Likewise, it is important to remember that just as the actions of CSR can create value for the companies participating in it, they can also reduce the value of these companies (Alessandri *et al.*, 2011). Diamonds in Angola are certified by the Kimberley Process Certification Scheme, which confirms that the production does not occur in areas of conflict, and is not used to finance wars. Although several studies qualify this certification as very positive, and show that the mining industry is aware of the impacts of its activities (Hilson and Clifford, 2010), this is just a starting point from which the real benefits can be generated for the community and the resources used in favour of local development (Garvin *et al.*, 2009).

There is evidence of the benefits that CSR can generate for emerging countries (Bardy *et al.*, 2012), mainly for social (Hinson and Ndhlovu, 2011) and economic development (Ramlall, 2012). As noted above, the contributions of CSR have not always been verified in sub-Saharan Africa (Idemudia, 2011; Mbadlanyana *et al.*, 2011; Adewuyi and Olowookere, 2010; Hakeem, 2010; Jallow, 2009; Newell and Frynas, 2007). As a result, the biggest challenge for companies is to understand how these initiatives can be socially built in a specific scenario, considering the company's strategy (Dahlsrud, 2008). Moreover, it is important to note whether CSR investments will create lasting solutions – for both the company and the stakeholders – or will demand a constant supply of resources (Jallow, 2009). These premises provide the foundation of the following analyses, which consider projects developed by Catoca. These are grouped as: agriculture; education; social support; and sports, culture and leisure.

1.3.1 Agriculture. At the beginning of its operation, Catoca had a serious problem in relation to obtaining food for its workers. The local infrastructure was precarious and all food had to be transported by airplane. Building on the vocation of local workers who had been working in subsistence agriculture, Catoca developed two farms in the region, generating jobs for > 100 people. In addition to feeding the workers, the production surplus was used in CSR projects and supplied part of the local trade.

Table I Evolution of social investments and gross revenue from 2006-2011

Accounting information	2011	2010	2009	2008	2007	2006
Total CSR investments (US\$ × 1000)	8,305.94	7,185.85	5,798.16	12,698.45	10,934.23	9,510.37
Per cent of gross revenue	1.36	1.36	1.32	2.57	2.42	2.23
Gross revenue (US\$ × 1000)	611,306.00	527,334.00	438,748.00	494,344.00	451,401.23	425,767.16

Source: Internal documents (primary sources) and accounting reports of Catoca (for 2006, 2007, 2008, 2009, 2010 and 2011)

In 2009, these farms were transferred to the Cooperativa Agrícola Chizavo, SCRL. (Chizavo), a cooperative managed by the farmers themselves. However, it still depends on the financial support provided by Catoca, which also provides technical assistance. In 2009, even during the international crisis, the investment was increased to create the necessary infrastructure to implement the cooperative (Table II). Efforts are being made to make Chizavo an independent project, eliminating the need for external financial support.

Despite the fact that the formation of the cooperative may encourage entrepreneurship among farmers, there are challenges to overcome. Until their configuration as an autonomous cooperative, the agricultural units were managed by Catoca. Therefore, the employees were working in shifts that corresponded to those of the workers directly involved in the mining activity. After the creation of the cooperative, this routine was kept, and the employees continued to work from 8 a.m. to 5 p.m., which is not always compatible with agricultural activity. For example, the usual practice of milking cows early in the morning (6 a.m.) and at the end of the day (5 p.m.) generates higher production, especially in the winter (Garçone, 2005). As this practice is not compatible with the schedule adopted by Chizavo, the interval between milking reduced, thus decreasing the overall productivity of the herd. Another behaviour observed by the authors is that several workers moved to urban areas after achieving a higher income. As a result, they spend less time in agricultural activities and increase the transportation costs incurred by the cooperative.

In the traditional model of an agricultural cooperative, each member works on his or her own property and receives the benefits of his or her own efforts. The cooperative helps in the commercialisation, storage and processing of goods produced by its members, who begin operating on a more economically profitable scale. They also count on technical assistance and share the resulting costs; thus, the gains tend to be proportional to the work they do. The model used by Chizavo is somewhat different, with all the gains being shared equally among members, who no longer have a financial incentive for greater dedication. This system generates absences, delays and reductions in productivity, which, in turn, have impacts for all members instead of affecting only those who have poor performance. As a result, these factors reduce the general productivity of the cooperative, thereby hampering its financial sustainability. This kind of difficulty is faced by cooperatives because they do not have the same tradition of, or legal need for, informing their controllers (Tuominen *et al.*, 2008).

A solution that is currently being analysed is the possibility of transforming Chizavo into a conventional cooperative by dividing the areas used among its members, who would then have their individual gains tied to the specific productivity in their area. This would further broaden the individual entrepreneurship of each member, who would begin acting as the owner of his or her business. Catoca is reducing its staff participation in the management of these farms, which may increase the bottom-up mechanisms of decision-making (Gregoratti, 2009). Another possibility being considered by Catoca is the transference of farming activities to an area outside the mining concession area, thereby reinforcing the idea that the cooperative is an independent enterprise.

Table II Investments in agriculture, 2006-2011

Cost centre	2011	2010	2009	2008	2007	2006
Agriculture (US\$ × 1000)	2,478.54	3,041.80	3,614.12	3,223.35	3,197.62	3,063.38
Per cent of gross revenue	0.41	0.58	0.82	0.65	0.71	0.72
Per cent of social investments	29.84	42.33	62.33	25.38	29.24	32.21
Total CSR investments (US\$ × 1000)	8,305.94	7,185.85	5,798.16	12,698.45	10,934.23	9,510.37
Per cent of gross revenue	1.36	1.36	1.32	2.57	2.42	2.23
Gross revenue (US\$ × 1000)	611,306.00	527,334.00	438,748.00	494,344.00	451,401.23	425,767.16

Source: Internal documents (primary sources) and accounting reports of Catoca (years 2006, 2007, 2008, 2009, 2010 and 2011)

The transference of the handling of farms to their own employees is a commendable initiative because it promotes the economic (Ramlall, 2012) and social development (Hinson and Ndhlovu, 2011; Visser, 2005) of the region, but there are still challenges to be overcome. Although the formation of the cooperative could potentially encourage entrepreneurship among farmers, the model adopted by Catoca does not allow this. Although the cooperative was developed in line with company strategy and seeks to harness the natural vocation of the region's inhabitants (Yakovleva and Vazquez-Brust, 2012), financial sustainability does not seem to be possible, as a constant supply of resources is required (Jallow, 2009). It is evident that there is a need for changes in how the cooperative is managed, while maintaining the expectations of stakeholders and shareholders (Hinson and Ndhlovu, 2011; Jackson and Apostolakou, 2009).

1.3.2 *Education.* Catoca's educational actions are carried out in two areas:

1. early childhood education; and
2. vocational training.

The projects developed for early childhood are focused on the maintenance of schools, construction of new units and distribution of school lunches to about 28,000 children. The programmes are developed by Catoca alone or in partnership with the government and the Catholic Church. Catoca also provides support to the college of science and technology at the University Lueji A'Nkonde in Lunda Sul. One possibility that may facilitate the advancement of education is to learn from examples such as the Community Individual Development Association, developed in South Africa (Raufflet, 2009). Catoca's investments in education from 2006 to 2008 are shown in Table III. From the documents available, it was not possible to identify the amount invested in each educational programme, which is consistent with the observations of some other studies (Idemudia, 2011; Sawani *et al.*, 2010; Blowfield, 2007; Newell and Frynas, 2007). This reinforces the need for specific reports to disclose the results of social responsibility projects (Kabir and Akinnusi, 2012; Blowfield, 2007; Newell and Frynas, 2007). The analysis was also hampered by the absence of social indicators to assess the quality and level of education. Without adequate disclosure of the amounts invested, and due to the lack of indicators, there is a risk that preconceived solutions are adopted (Idemudia, 2011) without special attention paid to the peculiarities of the region (Yakovleva and Vazquez-Brust, 2012; Adewuyi and Olowookere, 2010; Jallow, 2009).

It is important to consider the necessity of developing a new economical perspective on African countries, which goes beyond the simple supply of agricultural goods and minerals. This solution involves the development of a knowledge economy based on intellectual services (Mbadlanyana *et al.*, 2011). This reinforces the importance of investment in education for the development of human capital (Hakeem, 2010).

1.3.3 *Social support.* There are several activities comprising this rubric; these include the maintenance of housing, distribution of agricultural implements, maintenance of water supply, construction of a recreation centre and day care centre and the development of a housing cooperative. The investments made during the period from 2006 to 2011 are

Table III Investments in education, 2006-2011

Cost centre	2011	2010	2009	2008	2007	2006
Education (US\$ × 1000)	1,746.36	1,111.63	794.27	3,291.25	2,607.35	1,960.11
Per cent of gross revenue	0.29	0.21	0.18	0.67	0.58	0.46
Per cent from social investments	21.03	15.47	13.70	25.92	23.85	20.61
Total CSR investments (US\$ × 1000)	8,305.94	7,185.85	5,798.16	12,698.45	10,934.23	9,510.37
Per cent of gross revenue	1.36	1.36	1.32	2.57	2.42	2.23
Gross revenue (US\$ × 1000)	611,306.00	527,334.00	438,748.00	494,344.00	451,401.23	425,767.16

Source: Internal documents (primary sources) and accounting reports of Catoca (years 2006, 2007, 2008, 2009, 2010 and 2011)

shown in Table IV. The available reports take a descriptive approach, and therefore do not show the benefits of social support to stakeholders. In 2010, the Department of Social Responsibility, Community Relations and Image was created to develop relationships with stakeholders. This situation reinforces the concept of using CSR as a public relations tool, thereby potentially capitalising on actions associated with doing good (Jackson and Apostolakou, 2009; Newell and Frynas, 2007).

In 2011, the “Project for Economic and Social Development of Saurimo” was started; this aims to keep young people in the countryside, thereby generating jobs, income and investments in education, and facilitating environmental preservation. This project, which is being developed in partnership with the Provincial Government of Lunda Sul, relies on the consultancy of the Odebrecht Foundation, which is developing a similar project in Brazil (Costa, 2008). Although using other projects as references is commendable, there is a risk involved in using preconceived solutions (Idemudia, 2011). It could compromise the results of the actions carried out and may demonstrate insensitivity to local issues (Adewuyi and Olowookere, 2010; Jallow, 2009). In these cases, although there is a formal design for CSR that aims at a change in social structures, the social frame may remain unchanged (Jallow, 2009). Therefore, actions must be followed carefully, and the quality and relevance of the results to the local context should be verified.

1.3.4 Sports, culture and leisure. Catoca developed sporting and cultural projects for children and young people aged between nine and 17 years. The projects include athletics, tennis, handball, football and basketball, with some teams participating in national tournaments. The cultural and leisure activities include dance, theatre, music, movies and a recreation centre. In 2011, 600 children were served, with investments of US\$1.1 million (Table V). Considering that there are 28,000 children studying in the schools situated in that same area, according to section 1.3.2, those activities still reach a relatively small portion of the potential youth audience. Similarly, as often occurs with educational programmes, it was not possible to easily identify the amount invested in each specific programme, which is also consistent with the observations of previous studies (Idemudia, 2011; Sawani *et al.*, 2010; Blowfield, 2007; Newell and Frynas, 2007).

Along with formal education, the development of sports, cultural and leisure activities can constitute an important vector for educational campaigns and programmes for health and well-being and promote greater social inclusion in communities. There is an opportunity

Table IV Investments in social support, 2006-2011

Cost centre	2011	2010	2009	2008	2007	2006
Social support (US\$ × 1000)	2,931.23	1,621.86	744.07	4,415.21	3,691.56	2,924.48
Per cent of gross revenue	0.48	0.31	0.17	0.89	0.82	0.69
Per cent of social investments	35.29	22.57	12.83	34.77	33.76	30.75
Total CSR investments (US\$ × 1000)	8,305.94	7,185.85	5,798.16	12,698.45	10,934.23	9,510.37
Per cent of gross revenue	1.36	1.36	1.32	2.57	2.42	2.23
Gross revenue (US\$ × 1000)	611,306.00	527,334.00	438,748.00	494,344.00	451,401.23	425,767.16

Source: Internal documents (primary sources) and accounting reports of Catoca (years 2006, 2007, 2008, 2009, 2010 and 2011)

Table V Investments in sports, culture and leisure, 2006-2011

Cost centre	2011	2010	2009	2008	2007	2006
Sports, culture and leisure (US\$ × 1000)	1,149.81	1,410.57	645.72	1,768.65	1,437.71	1,562.42
Per cent of gross revenue	0.19	0.27	0.15	0.36	0.32	0.37
Per cent from social investments	13.84	19.63	11.14	13.93	13.15	16.43
Total CSR investments (US\$ × 1000)	8,305.94	7,185.85	5,798.16	12,698.45	10,934.23	9,510.37
Per cent of gross revenue	1.36	1.36	1.32	2.57	2.42	2.23
Gross revenue (US\$ × 1000)	611,306.00	527,334.00	438,748.00	494,344.00	451,401.23	425,767.16

Source: Internal documents (primary sources) and accounting reports of Catoca (years 2006, 2007, 2008, 2009, 2010 and 2011)

that needs to be further exploited with the development of joint projects in the areas of education, health and social promotion. This will allow the involvement of a larger number of people who could benefit from educational activities in their leisure time or during sports practice. This synergy between different areas could empower the use of available resources so as to achieve more significant results (Levermore, 2010; Raufflet, 2009).

1.3.5 Other initiatives. Catoca also invested in the construction and paving of roads, and the construction of an airport, a power plant and electricity distribution infrastructure. Although these investments supply the needs of the mining operations, they ultimately benefit the surrounding community as well. There is also an incentive, which is part of Catoca's company policy, to prioritise the hiring of local suppliers and service providers. This also benefits the community, by creating better prospects for local development. Despite such benefits to the community, however, it is difficult to measure its reach due to the lack of social indicators.

2. An insight into CSR practice in the region of Saurimo

The actions of CSR developed by Catoca in the region of Saurimo need to be analysed based on the local context, considering that this is a poor region in a country that is seeking reconstruction after years of armed conflict. The CSR projects aim to create a minimally adequate social framework to enable the development of large projects. Despite this meeting Catoca's needs, the company's actions also serve to offset the lack of government action, which is fully justified in a country under reconstruction. For example, in the development of two farms, the investment was intended to guarantee the supply necessary to maintain the company teams; however, it also had an important economic and social impact, in that it took advantage of the natural vocation of the inhabitants of the region (Yakovleva and Vazquez-Brust, 2012), thereby providing jobs and income and demonstrating that CSR may be a win-win situation. This social feature is evident with the creation of the Agricultural Cooperative Chizavo, and the investment needs to be considered in a long-term sense. Nonetheless, better performance within the cooperative needs to be achieved because the amount of investment made is significant, and it is suggested that the company's activities with respect to social problems should not affect its economic health, and its social function should not be misrepresented (Smith, 2009). When Chizavo becomes a financially independent enterprise, its relationship with Catoca will only be maintained via trade, resulting in a reduction of expenses in relation to feeding the workers. This will allow Catoca to concentrate on its primary objective (mining), without having to keep a specialised team for farming activities, thereby eliminating their related expenses. This perspective cannot yet be clearly seen, however, in the sense of configuring a situation in which the demand for resources is permanent (Jallow, 2009). This contributes to the low level of disclosure with respect to the results (Kabir and Akinnusi, 2012; Blowfield, 2007; Newell and Frynas, 2007).

Catoca's investment in training and basic education has created the conditions for the establishment of a positive cycle, thereby opening new opportunities for young people. This is consistent with the view that the solutions within Africa will not come only from agriculture and mining but also from the knowledge economy based on intellectual services. It also reinforces the role of education for the development of human capital (Mbadlanyana *et al.*, 2011; Hakeem, 2010). The absence of social and educational indicators makes it difficult to analyse the projects over the years. While the investments are laudable, there is a difficulty in measuring the progress of educational programmes due to the low level of disclosure for investments in education, which hinders verification of the amount applied to each educational project individually, even when analysing the internal company reports (Kabir and Akinnusi, 2012; Blowfield, 2007; Newell and Frynas, 2007). In addition, it is necessary to consider that there are many other obstacles to overcome to ensure that education plays a dominant role in Africa; this includes ensuring access for the local population and finding ways to adequately fund it. Several possibilities must be

considered, such as the use of external projects as a benchmark (Raufflet, 2009) and joint actions along with the areas of sport and health, which involves optimising available resources.

Although sports activities are encompassed in the social projects developed by Catoca, it is necessary that they be properly managed, and that their potential of inclusion in various communities be taken advantage of (Giulianotti, 2011). Catoca's sports project has been eclipsed by other programmes of social interest which are more immediately relevant. It is necessary to consider the fact that the sports project has the capacity to reach communities that are particularly marginalised by traditional development initiatives. The sports activities have the potential to facilitate the creation of synergies and build partnerships between institutions that do not normally work together, thereby opening the door to other initiatives (Levermore, 2010).

Regarding the social support projects, the analysis of results is again hampered by the lack of social indicators, although their absence is perfectly understandable in a country under reconstruction. However, as outlined above, it can lead to the use of preconceived solutions or to the development of philanthropic or neo-philanthropic actions (Idemudia, 2011; Adewuyi and Olowookere, 2010; Valente and Crane, 2010; Oppenheimer, 2008). Given the need for indicators, it is important to consider that Catoca discloses the results of their CSR activities to shareholders annually, along with its financial statements which are audited by a specialised international company. Along with the suggested need to separate mandatory accounting information from CSR reports, suggestions have been made to include special criteria in these documents (Sawani *et al.*, 2010; Ballou *et al.*, 2006). It is worth highlighting that companies who voluntarily disclose their CSR reports show improved performance in developing these activities (Dhaliwal *et al.*, 2011). This conclusion reinforces the importance of the specific and appropriate disclosure of investments in CSR projects and the results obtained, leading to a more efficient use of the resources that the companies have committed (Idemudia, 2011; Jones and Jonas, 2011; Arvidsson, 2010; Newell and Frynas, 2007).

3. Conclusion

Studies on the development of CSR projects in Africa have shown its importance to economic and social growth (Ramlall, 2012; Hinson and Ndhlovu, 2011), mainly with reference to the limited capacity of some countries. In such a scenario, companies end up filling the gaps left by the government, especially in nations that have gone through long periods of war and conflict (Kolk and Lenfant, 2010; Valente and Crane, 2010), as in the case of Angola, which is seeking the resources and technologies needed for its reconstruction through partnerships with foreign companies. These companies often end up developing CSR projects that compensate the shortcomings of government action, especially with regard to social services. While this is an alternative for resource-poor countries, it is not a consensual solution. Some suggest that this development option may create islands of prosperity within surroundings of poverty and exclusion. There is also the risk that corporate affairs will outweigh the interests of the state and civil society, and thus require a well-developed regulatory framework that is not commonly available. Despite the relevance of this discussion, the importance of CSR projects for sub-Saharan Africa with respect to economic and social development cannot be ignored.

Despite its importance, the project management of CSR in the region of Saurimo ends up being hampered by the low disclosure of results and the absence of social indicators. This may generate inadequate results for the company compared to the amounts invested. This is the case in the Chizavo cooperative, which demands constant resources without the prospect of financial sustainability in the medium term. Even considering the idea that the initial expectations of stakeholders may be low, this cannot be underestimated. Although the company may feel that it has fully met expectations, the use of indicators could help to properly monitor and improve the results. There is a risk that the assumption of low

stakeholder expectation and the absence of references provided by social indicators will lead to the development of neo-philanthropic or preconceived actions that do not adhere to the local peculiarities.

3.1 Suggestion for further studies

It would be interesting to follow the development of the Chizavo cooperative because it presents a good alternative to improving local development, and might be an interesting solution for both the company and the community. If the company adopts social indicators in the future, it will allow better evaluation of the projects that have already been developed. It is important to consider the use of social indicators to better measure the results obtained in the various CSR projects. Therefore, investments should be made to facilitate the development of indicators, which would help to compensate for the absence of governmental indices for the region.

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About the authors

Pedro Luiz Côrtes is an Associate Professor at the University of Sao Paulo and Professor of the PhD program in business administration and Professor of the master's degree program in environmental management and sustainability of Uninove. Pedro Luiz Cortes is the corresponding author and can be contacted at: plcortes@usp.br

João Roberto Cordeiro Duarte is the Controller of Sociedade Mineira de Catoca Ltd.

Sylmara Lopes Gonçalves-Dias is a Professor of environmental management at the University of Sao Paulo

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