



## **Corporate Social Responsibility as a Tool for Community Socio-Economic Development through Banking Sector in Tanzania: A Case of Crdb Bank in Morogoro Municipality, Eastern Tanzania**

**Richard P. Ngowi**

Assistant Lecturer, Department of Health Systems Management,  
SOPAM, Mzumbe University, Morogoro, Tanzania

### **Abstract:**

*This paper aims at examining the contribution of banking sector through Corporate Social Responsibility (CSR) in order to bring about community socioeconomic development in Tanzania by taking Cooperative Rural Development Bank (CRDB bank in Morogoro Tanzania as a case. The paper employed structured questionnaires, observations, interviews and documentary reviews as the main tools for data collection. Data analysis was based on descriptive statistics, frequency analysis and percentages. The results from the analysis show that there are development projects that have been established and implemented by CRDB Bank, including Education support projects, Health support projects, Entrepreneurship support projects, Environmental conservation projects and Special group support projects. However, community participation in the establishment and implementation of the development projects has been inadequate. The challenges that limit the commitment of the Bank's CSR were found to be rapid population growth, climate change, inadequate loan management skills among clients and lack of community awareness of its role in the established and implemented development projects. From the results it was concluded that CRDB Bank had fulfilled its CSR but the community was not satisfied because it has not been fully involved in initiating and implementing the projects. This paper strongly recommends for the bank to extend its services to various sectors; embrace community participation in all stages of development projects for sustainability; as well as ensuring training to the community in order to create awareness on the role of the communities in the Bank's CSR.*

**Keywords:** Corporate social responsibility, community, economic development, social development, CRDB Bank

### **1. Introduction and Background Information**

This paper seeks to examine the contribution of the banking sector in Tanzania to community's socio economic development through Corporate Social Responsibility by taking CRDB bank in Morogoro Municipality Tanzania as a case. However a number of researches such as Mhina (2007); BOA (2008); Green (2010); Exim Bank (2010); as well as CRDB (2011) present information in too a general way. They presented that banks and other financial institutions are the state development partners that have been providing services to citizens, especially in areas where the state has been unable to reach. Therefore the contribution of the banking sector to communities, social Economic development through CRDB Bank is inadequately documented.

Traditionally, in Tanzania, Corporate Social Responsibility is widely understood as philanthropy ("doing good with part of the profit") and thus refers to charitable community support projects in most cases (Pipek, 2007). Economic diversification has increased, with particularly strong growth in service sub-sectors such as real estate, business services, communication (in particular mobile phone services) and tourism (Mader, 2012). Over the last few years in Tanzania, various companies have started applying the corporate social responsibility, particularly foreign firms. Such firms include banking, telecommunications and mining sectors, according to Pipek (2007). CSR definitely plays an important contribution in promoting community development that is both ecologically friendly and socially conscious (Pipek, 2007; Mader, 2012). However, such companies contribute much

to community development, such as charitable activities. It may be noted, however, that even with such efforts, CSR in Tanzania is not straightforward.

In addition, Corporations have an obligation to work towards meeting the needs of a wider array of stakeholders, i.e. Corporate Social Responsibility, such as the employees, investors, customers and the community in which the business activities are carried out. This study is focused on the examination of the contribution of CRDB Bank's Corporate Social Responsibility to community socioeconomic development.

According to EMC (2005), Corporate Social Responsibility (CSR) is not a new concept. Companies have always, to some extent, tried to acknowledge the responsibility towards the community. Epps (1996) and Berad (2011) argue that CSR has attracted worldwide attention and acquired a new meaning in the global economy. Heightened interest in CSR in recent years has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. It embraces the 'triple bottom line' and requires attention to be paid to economic, environmental and social impacts. EMC (2005) argues that CSR is essentially about business' contribution to sustainable development and how best to maximize that contribution.

Studies by Williams (2005), Hopkins (2003) and Roche (2002) stipulate that it has been increasingly argued that all organizations have an impact on society and the environment through their operations, products and services and through their interaction with key stakeholders and therefore CSR is important in all firms, large and small. The other literature by Epps (1996), in addition, states that CSR is a means by which companies can frame their attitudes and strategies towards, and relationships with, stakeholders, be they investors, employees or, as is salient here, communities, within a popular and acceptable concept.

According to Moon and Vogel (2008), studies on CSR have shown that there has been increasing public pressure from bodies (such as governmental organizations, non-governmental organizations (NGOs), academics, trade unions and the media) for corporations to act in a socially and environmentally responsible way. Such pressure has, to some extent had an impact on CSR, as they have created a 'legitimacy gap', which provides a significant motivation for companies to engage or attempt to engage in responsible business practices in order to acquire or maintain legitimacy (Waddock, 2004).

Through CSR banks have been always focused on presenting safe, sound, sturdy, and responsible service which contributes their mite to the socioeconomic progress of society as a whole. The major impetus is given to sustainable projects in areas such as education, environment and health and other socio-economic aspects should be concentrated on (Exim Bank, 2010). In line with this Sweeney (2007) stipulates that banks perform CSR through their commitment of business to contribute to sustainable socio-economic development, working with employees, their families, the local community, and society at large to improve their quality of life, in ways that are both good for business and good for development.

## **2. Background to CRDB Bank and Banking Sector in Tanzania**

According to Piprek (2007) CRDB is Tanzania's fifth-largest commercial bank that was established in 1996 and has launched its microfinance initiative in 2001. Since its inception, the microfinance unit in CRDB has grown rapidly and today serves more than 78,000 clients through 157 partner institutions. CRDB (2011) states that the CRDB Bank has extended its functions in Morogoro Municipality, with more than five active branches. However, the contribution of CRDB in socio-economic development through CSR is not well documented.

According to Idemuia (2007) efforts have been made by a number of companies more particularly banks, to contribute in community development through CSR. BOA (2008) states that in 2007 the Bank of Africa (BOA) used USD 52,000 for Corporate Social Responsibility whereby USD 26,000 was invested for classroom construction in the Dar es Salaam region; USD 22,000 for social services including Women Empowerment Programmes (WEP), Environmental Cleaning and water services in which more than 10,000 trees were planted in the outskirts of the Dar es Salaam city.

The other literature by Exim Bank (2010) stipulates that the Exim Bank has been fulfilling its CSR through various social and economic commitments. The Bank has donated the 8 beds to be distributed to Municipal hospitals in Mbeya to curb the acute shortage, subjecting expectant mothers to deliver on the floor. The bank also has supported rotary sponsored projects in education, health, culture, water and sanitation and projects for children at risk like orphans, street children and other displaced children and also to celebrate United Nations "The African Child Day." Further, realizing the need for empowerment of women in the society, Exim Bank has embarked upon an initiative to provide training to Women Entrepreneurs and sensitize them about the availability and essence of the funds (Green, 2010; Exim Bank, 2010). The bank has conducted training to 528 women entrepreneurs covering all districts in Kilimanjaro region and making a total number of 1,344 women being trained (Exim Bank, 2010).

According to Piprek (2007) CRDB has linked with Savings and Credit Cooperatives (SACCOs) as a way to cost-effectively increase the supply of financial services in the rural country side. Also according to CRDB (2011) the bank has undertaken sponsorship focusing on social priorities of education, health and environment greater emphasis being placed on less fortunate groups in the society.

The bank also contributed funds to the victims of various disasters that befell the country in 2011. It contributed to the victims of the MV Islander ferry disaster, Gongo la Mboto bomb disaster as well as the disastrous Dar es Salaam floods victims (Mhina, 2007; CRDB, 2011).

## **3. Literature Review**

The literature on CSR has emerged from a variety of disciplines, such as sociology, philosophy, accounting, management, finance, law and politics (Banerjee, 2007, 2008; Porter and Kramer, 2006; Vogel, 2005; Jones, 2008). Within the accounting literature, CSR has been considered as part of social accounting, which overlaps with social and environmental accounting (Adam, 2004;

Beck, Campbell and Shrivs, 2010; Gray, *et al.*, 2001) as quoted by Lauwo (2011). Within the accounting context, CSR is viewed as a potentially gentle mechanism which can be used to mobilize meaningful organizational changes leading to less corrupt and unsustainable business practices.

Despite the increasing attention being given to CSR in the literature as a postulate for accountability and for the promotion of ethical and responsible business practices, most studies have been primarily Western-centric (Guthrie and Parker, 1990). Although, over the last decade or so there have been an increasing number of studies focusing on CSR issues in developing countries (Belal, 2008; Kuasirikun, 2005). However, despite these studies, little explicit attention has been paid to the role played by local laws and regulations and other institutional structures (such as NGO activism) on the development of social accounting practices. Previous studies on social and environmental accounting have instead tended to focus on the impact of global pressures such as that of international organizations (Islam and Deegan, 2010).

On the other hand, CSR is a social practice which tends to be embedded in a particular economic, social cultural, historical and institutional structure (Midttun, *et al.*, 2006). For this reason, Tsang (1998) has argued that it is inappropriate to apply conclusions reached from studies in developed countries to what happens in developing countries, as the different socio-political, economic and regulatory environments of developed and developing countries shape CSR practices differently. Jones (1999) has drawn attention to the significance of the national socio-cultural environment and the level of national economic development as important variables influencing our understanding of CSR.

### 3.1. Tanzania Country Profile on Corporate Social Responsibility

In the 1990s, Tanzania implemented a number of legislative reforms advocated by the World Bank (WB) and the International Monetary Fund (IMF) with the aim of improving public accountability, good governance and transparency. Despite these developments, evidence from the Tanzanian mining sector shows that poor working conditions, social unrest, pollution and environmental degradation caused by corporate activity have remained endemic (Bitala, 2007; Kitula, 2006; Almas, Kweyunga and Manoko, 2009). This evidence, therefore, questions the effectiveness of local laws and regulations to control CSR practices in Tanzania and to promote public accountability, responsibility and transparency (Lauwo, 2011).

Moreover, studies on CSR have shown that there has been increasing public pressure from bodies (such as governmental organisations, non-government organizations (NGOs), academics, trade unions and the media) for corporations to act in a socially and environmentally responsible way (Moon and Vogel, 2008; Neuet *et al.*, 1998; O'Donovan, 2002; Unerman and O'Dwyer, 2007) as quoted by Lauwo (2011). Such pressure has to some extent had an impact on CSR, as they have created a 'legitimacy gap', which provide a significant motivation for companies to engage or attempt to engage in responsible business practices in order to acquire or maintain legitimacy (Doh and Teegen, 2004; Waddock, 2004). However, as indigenous communities living in the poorer regions of the world (usually developing countries) continue to suffer severe social and environmental problems as a result of corporate activity (Banerjee 2007), then there a clear need for debate about the extent to which pressure group intervention in developing countries (such as Tanzania) can have an impact on improving CSR practices.

On the other hand, International organizations such as the UN Global Compact, International Labour Organization (ILO) and the Organization for Economic Cooperation and Development (EOCD) have enacted various conventions and regulations with the aim of encouraging corporations to be ethical, accountable and responsible. Also, an increasing number of laws and regulations have been enacted at the national level (particularly in developed countries) in order to impose obligations on companies to address ecological, employment, investment and gender issues and other social problems caused by corporate activity (Buhr, 1998). One way in which major corporations have responded to the increasing pressure to improve their social and environmental performance is by adopting the practice of publishing CSR reports (Rabet, 2009; Vogel, 2005; Banerjee, 2007). As a result of increasing CSR reporting, CSR has gained greater prominence in the contemporary global economy.

However, Dillard, *et al.* (2004) argue that in a capitalist society, norms, standards and institutionalized values (such as those relating to CSR), which are sometimes codified in laws and regulations, are grounded in a neo-liberal ideology which facilitates wealth accumulation, private property rights and free trade policies. It is questionable, however, whether such a view is relevant to developing countries, such as Tanzania, where governments are often desperate to attract foreign investment in order to deal with the various socioeconomic problems, in particular the endemic poverty which exists in many such countries.

Within the context of contemporary globalization, poor developing countries are often persuaded to deal with the problem of endemic poverty by seeking to attract foreign trade and investment through de-regulation and liberalization policies. As a result, the regulatory frameworks of such countries often prioritize to attract and mobilize foreign capital at the expense of protecting citizens from the adverse consequences of corporate power and irresponsible business practices including inadequate CSR reporting (Offe, 1984; Strange, 1996). When governments in developing countries decide to adopt institutional arrangements and strategic capacities to improve the prospect of retaining or attracting capital investment, this poses a challenge for governments with respect to balancing the interests of private capital and the broader societal issues associated with promoting social order (Picciotto, 1991; Giddens, 1984; Korten, 2001).

In fact, the issue of promoting CSR practices in developing countries raises difficult problems, as the promotion of such practices may have an adverse impact on foreign investment. Thus, in the context of developing countries, it is necessary to understand the impact of CSR practices on the historical, socio-cultural and regulatory structures and power. Since independence in 1961, there has been a strong local desire to encourage and maintain ethical business practices, public accountability, transparency and good governance in Tanzania (Oxfam, 2008; Killian, 2006).

Thus, consecutively, Tanzanian government has attempted to pass new laws and regulations to promote public accountability and good governance and to foster good CSR practices (Mmuya, 2000). However, as the post-independence codes of conduct retained

most of the features of the codes from the former colonial regime, Tanzania's ability to promote CSR reporting and to protect the public interest has remained limited (Shivji, 1976). For example, the Companies Act 1932–CAP 212 (as amended), which was enacted in 1929 during the British colonial period and which laid down requirements for addressing governance issues in the colonial government, remained in force for many years in post-independence Tanzania and was not amended until 2002 (Lauwo, 2011). Although the Companies Act of 1932 required directors to improve corporate disclosure and to act in good faith to promote the best interests of the company (section 185), stakeholder interests have remained subordinate to the financial interests of shareholders.

In 1967, President Nyerere's government enacted new codes of conduct, enshrined in the 1967 Arusha Declaration, with the aim of promoting socio-economic development, public accountability, responsibility, good governance and corporate responsibility. However, despite the rhetoric of the Arusha Declaration, the reality left much to be desired by Tanzanian citizens (Bierman and Wagao, 1986; Killian, 2006). Thus, laws and regulations continued to promote rent-seeking practices among the elite at the expense of the needs of wider society. This constrained the possibility of promoting corporate disclosure, public accountability and good governance (Fischer, 2006).

### 3.2. Corporate Social Responsibility in a Developing Country Context

In the 1990s, major legislative reforms were implemented by the Tanzanian government in order to integrate its economy into the global market. This led to a propagation of new laws and regulations which contained *inter alia*, provisions requiring public accountability, responsibility, transparency, and enhanced corporate disclosures. These laws and regulations also sought to address and promote the issues of environmental protection and management. (Lauwo, 2011).

For example, in 1997, in line with Agenda 21 of the Rio Declaration (which required a cross-sectoral integration of policies, plans and programmes for the effective management of the environment), the National Environment Policy (NEP) 1997 was introduced in Tanzania. The NEP 1997 required companies to ensure the sustainable and equitable use of resources without degrading the environment or risking health and safety.

However, the NEP required companies to prevent and control, environmental degradation in Tanzania, the reality has left much to be desired. (Fischer, 2006).

Following the global environmental concerns in 2002, the Tanzanian government enacted the Environmental Management (EM) Act No. 20 of 2004 to replace the National Environment Management Council (NEMC) Act of 1983. The EM Act 2004 requires companies to submit an environmental impact assessment (EIA) before commencing operations in Tanzania, together with an environmental management plan (EMP). The Act requires companies to control and prevent pollution, manage waste products, and provide restoration plans. (Lauwo, 2011). However, the penalties for violation of such laws have remained relatively low, since companies may decide that it is cheaper to pay the penalty than to internalize the environmental costs (Lissu, 1999; Lauwo, 2011). For this reason, the environmental reforms may have little impact.

In an attempt to address local and global pressures and to improve corporate governance, in 2002, the Tanzanian government enacted the Companies Act 2002 (CA 2002), which amended the Companies Act 1932. The CA 2002 made important changes to Tanzanian company law in order to take incorporate global developments into domestic law with regard to accounting disclosures, corporate governance and directors' duties. For example, section 151 of the CA 2002 requires companies to prepare books of accounts in order to disclose and explain their financial transactions. Moreover, section 183(1) provides the: 'matters to which the directors of the company must have regards to in the performance of their functions, which include, having regard to the interests of the members, the interests of the company's employees'. Although the Act requires directors to disclose account information and consider the interests of other stakeholders, not just shareholders, nevertheless stakeholder interests are often subordinated to the pursuit of shareholder interests. (Curtis and Lissu, 2008).

Furthermore, while section 206 of the CA requires audited financial reports to disclose details of the remuneration of directors and other officers, there is no obligation on companies to disclose information about, for instance, employee discrimination, employee health and safety, tax planning schemes, pollution and environmental degradation caused by corporate activities, and social difficulties caused by corporate acts and omissions in local communities (Curtis and Lissu, 2008).

Therefore, in response to the requirements of the International Labour Organization (ILO) and the Universal Declaration of Human Rights (UDHR) with regard to employee working conditions and human rights issues, the Tanzanian government enacted the Employment and Labour Relations Act 2004 and the Labour Institutions Act 2004 (which came into force in 2007 and 2006 respectively). Furthermore, in response to ILO requirements about the importance of improving health and safety in the workplace and reducing workplace injuries and accidents, the Tanzanian government enacted the Occupation Health and Safety Act 2003 and the Workers' Compensation Act 2008. These enactments contain provisions requiring companies to improve workplace conditions and to protect employees against hazards to health and safety arising out of, or in connection with, activities at work. Despite these provisions, there is much to be desired in the workplace in Tanzania (Lissu, 1999; Lauwo, 2011).

Furthermore, a number of laws and regulations have also been enacted in Tanzania to impose obligations on companies in respect of a variety of social issues, including occupational health and safety, labour standards, non-discrimination and environmental protection. However, the ability of these provisions to promote public accountability, good governance, corporate responsibility and transparency has not yielded positive results (Lauwo, 2011).

The inadequacy of regulatory controls on public accountability, transparency and corporate responsibility in Tanzania has attracted both local and international NGOs attentions.

NGOs and other pressure groups (including academia and the media) have expressed concern about the activities of corporations, as their pursuit of profit and the maximization of shareholder returns is often in conflict with the social welfare of ordinary citizens (Detomasi, 2008, Oxfam, 2000; Christian Aid, 2005, 2008; Action Aid, 2008, 2009) as quoted by Lauwo (2011).

### 3.3. Governance in Mining Areas in Tanzania

Historically, mining activity in Tanzania (as in many African countries) can be traced back to the pre-independence period. Due to the poor performance of the mining sector, an effort was made by the Tanzanian government to reform the sector through liberalization policies and deregulation in order to improve good governance and CSR. Thus, following the liberalization of the Tanzanian economy in the 1990's, a number of multilateral and bilateral agreements were entered into, with most of them being in the mining sector (SID, 2009; Islam and Deegan, 2010). To attract foreign investment in the sector, Tanzania introduced the so-called Mining Policy 1997 which offered investment protections, investment guarantees and stabilization clauses of mining companies; permitted full ownership rights in mining investment by multinational mining corporations and allowed the repatriation of profits and capital (Lauwo, 2011).

In addition, the Tanzanian government enacted the Mining Act 1998 which came into force in July 1999 as the major Act of Parliament governing the exploration of solid minerals in the mining sector. The Mining Policy, together with the Act, sought to provide investment incentives through a competitive fiscal regime, and a legal and regulatory framework for the attraction of foreign investors in the mining sector. The effect of these developments was to increase the inflow of foreign investment and MNC operations in the mining sector. For example, between 1996 and 2006, MNCs invested more than US\$1.5 billion in the sector (Lange, 2006). The Mining Policy, together with the Act, also contains provisions which *inter alia* require mining companies to account for the social and environmental impact of their activities.

For that case, mining companies in Tanzania are increasingly facing demands to improve their accountability and transparency and to reduce the adverse social and environmental impact of their mining activities. In response to such demands, mining companies in Tanzania have embraced the idea of corporate social reporting. For example, the Barrick Gold Company publishes substantial information about community relations and investment. Like other MNCs, Barrick Gold has expressed its commitment to making a positive difference to the communities in which it operates (*Barrick Social Responsibility Reports*, 2005, 2006, 2007, 2008, 2009). In its *Annual Report* (2006), Bulyanhulu Gold Mine stated that the company had spent US\$275,000 (Tshs.302.5 million) on supporting the local Bugarama secondary school and had donated US\$15,000 (Tshs.16.5 million) to the District Council to support a government food relief initiative in the district. The *Annual Report* also revealed that at least US\$186,000 (Tshs.204.6 million) was spent, in 2006, on upgrading a clinic in the district (Lauwo, 2011).

Similarly, Anglo Gold Ashanti considers itself to be an integral part of the communities in which it operates, and a neighbour and key instigator of economic development which seeks to improve the standards of living of those living in local communities. Anglo Gold Ashanti claims that it ensures that communities in the mining area are kept informed and are involved in developments that affect them throughout the lifecycle of the company's operations (Lange, 2006). The CSR reports of the gold mining companies have also professed a commitment to promoting employee welfare management, and they have included statements on issues such as health and safety, employee relations, working conditions, remuneration and benefits, recruitment practices, training and professional development, equal opportunities and non-discrimination (Lauwo, 2011). Here the main problem is that, the information disclosed has remained somewhat selective and at the discretion of the management. For that case, the reason for supporting social responsibility initiatives is purely for business reasons and not for an altruistic desire to improve conditions in the workplace and in local communities (Curtis and Lissu, 2008).

However, different references to transparency, accountability and responsibility have been made but none of the reports of the mining companies studied disclosed their tax planning and other financial engineering schemes which were devised to minimize their financial and social obligations to the Tanzanian government and to Tanzanian society. This is due to the fact that, the disclosure of such schemes would increase public awareness of those institutionalized corporate mechanisms which reduce the payment of taxes to the Tanzanian government (Lauwo, 2011; Curtis and Lissu, 2008). Therefore, the absence of strong state support and empowered stakeholders (including pressure groups interested in CSR and corporate governance) leaves CSR reporting comparatively weak in Tanzania.

### 3.4. Theories of Corporate Social Responsibility

#### 3.4.1. Social Contract Theory

Gray *et al.* (1996) describe society as 'a series of social contracts between members of the society and society itself'. In the context of CSR, an alternative possibility is not that business might act in a responsible manner because it is in its commercial interest, but because it is part of how society implicitly expects business to operate.

In supporting this theory, Donaldson and Dunfee (1999) developed *Integrated Social Contracts Theory* as guidance for managers to take decisions in an ethical milieu. They differentiate between macro social contracts and micro social contracts. Thus a macro social contract in the context of communities, for example, would be an expectation that business provides some support to its local community and the specific form of involvement would be the micro social contract. Hence, companies which adopt a view of social contracts would describe their involvement as part of 'societal expectation'. This could explain the initial motivation; it might not explain the totality of their involvement. One of the commercial benefits that were identified in the Australian study (CCPA, 2000) was described as 'license to operate' – particularly for natural resource firms.

This might be regarded as part of the commercial benefit of enhanced reputation, but also links for gaining and maintaining legitimacy (Suchman, 1995). Therefore, this theory bases on the fact that business companies are expected to undertake CSR activities as the means of gaining social license to operate without which its operation and reputation would be flawed.

**3.4.2. Stakeholder Theory**

This theory insists on integrating groups with a stake in the firm into managerial decision making (Rowley, 1997). These groups demand what they consider to be responsible corporate practices. From this ground, some corporations are seeking corporate responses to social demands by establishing dialogue with a wide spectrum of stakeholders. This is due to the fact that stakeholder dialogue helps to address the question of responsiveness to the generally unclear signals received from the environment. In addition, this dialogue “not only enhances a company’s sensitivity to its environment but also increases the environments, understanding of the dilemmas facing the organization” (Kaptein and Tulder, 2003).

Moreover, the fundamental responsibility of companies has for a long time been restricted to the creation of economic value through maximizing profit; the stakeholder theory therefore, forces us to look beyond this concept. Company directors can no longer be content to declare “We are making money and we sub-contract to the State to regulate social injustices. To deal with all the outcasts that our world produces” (Nash, 1990). The company, while being answerable to its “shareholders” also has a wider “accountability” from shareholders to stakeholders because economic aspects cannot be isolated from the rest (Freeman, 1984). Thus the company is no longer accountable only to its shareholders but also to its stakeholders, first of all the contractual stakeholders (employees, clients, suppliers), then the non-contractual stakeholders (local communities and communities in the broader sense, which are affected directly or indirectly by its activity).

This theory, therefore, concludes that business companies should be accountable to their stakeholders including the community. This accountability is constrained on using some of their profits for steering socio-economic development in the communities in which they operate.

**3.4.3. Stewardship Theory**

This insists that, there have to be an inclusive level outcome of business decisions in ways that goes beyond the loyal agent’s argument that, manager’s duty is essentially to serve the employer loyally by contributing to profit maximization (Frynas, 2005). This suggests that, stewardship of the corporation’s resources encompass a view of stewardship of society’s resources to more broadly serve the society. This means that business is not supposed to have steward responsibilities not just to shareholders, suppliers, distributors but also to the local community in which the enterprise operates, the general public and the natural environment. Therefore, when corporations make business decisions they should have both short and long term effects on many sectors of society such as health, education, water and other sectors (Triker, 2009). However, from these theories some common characteristics of CSR have been drawn as follows

**4. Theoretical Framework**

In this study the independent variable for the study is CSR socio-economic observation and the dependent variable is Community socio-economic development and the control variables are legal framework and CSR policy. The study assumes that in order for CRDB CSR to have an effective contribution in ensuring community socio-economic development. CSR should engage in socio-economic development projects such as infrastructure development, health services, education, water and other socio-economic services. This can only be enhanced if CSR is based on Transparency as an integral part of Business Operation. Also there must be stakeholder dialogue to be coordinated considering national and local development goals. However, both, transparency and dialogue must be guided and safeguarded by legal framework and CSR policy which insists on participation environment and community awareness and acceptability. Figure 1 provides the illustration.

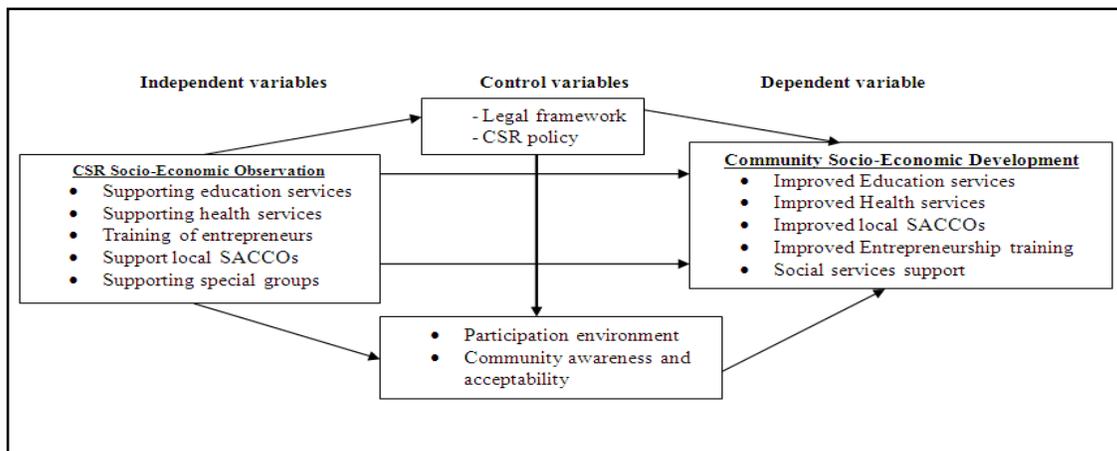


Figure 1: Theoretical Framework  
 Source: Researcher’s own construct 2014

## 5. Study Approach

The study was conducted in Morogoro Municipality involving three CRDB Bank branches namely Mandela, Masika and SUA. It also involved three wards namely Kilakala, Boma and Mafiga where CRDB Bank offers socio-economic services. The reasons for choosing this area of study are that Morogoro Municipality was one of the Municipalities and towns in which CRDB Bank has more branches than any other bank. The Municipality had five branches namely Mandela, Morogoro Agency, Masika, SUA, and Mazimbu.

### 5.1. Research Design

This paper employed a MULTIPLE case study research design. The design involved collecting empirical data, generally from only one or a small number of cases. It provides rich information about those cases of a predominantly qualitative nature (Saunders, *et al.*, 2003). Also the case study design allows the entire organization to be investigated in-depth and with great attention to particular problem.

According to Milanzi (2009), this approach gives insights into a particular problems or situation. It enables one to make detailed investigations of individuals, groups or a whole organization. Using this design the researcher was able to obtain rich information about the problem under the study as it gave room for intensive interviews which enabled the problem to be well understood.

In this study three selected CRDB branches were examined with a view to investigate their operational capacity in establishing development projects for the betterment of the community members.

### 5.2. Population Sample Size and Sampling Techniques

A sample is the selected portion to represent the whole population or area. While Sampling means an activity in which a portion, rather than a whole population, is selected for survey or for a study. Sampling is based on the assumption that there is such similarity among the elements in a population that a few of these elements adequately represent the characteristics of the population (Krishnaswami, 2002). The study employed both non probability and probability sampling techniques. The study used purposive and stratification sampling techniques to obtain the required respondents. Table 2 and 3

Categories of Respondents	Number of Respondents	Sampling Techniques
Wards inhabitants	90	Random Sampling
Leaders	8	Purposive Sampling
CRDB Bank officers	2	Purposive Sampling
Total	100	

Table 1: Sample Size and Sampling Techniques

Source: Field Data, 2014

In addition to the above, Turner (2011) argues that the population of a study refers to a set of objects, which are the focus of the research and about which the researcher wants to determine some characteristics. In this study, the target population consisted of the three ward inhabitants with their leaders, in which CRDB Bank undertakes CSR. The population included CRDB Bank officers (i.e. Human Resource Manager and Public Relations Manager and the Loans Officer).

The sample size for the study was calculated according to the formula recommended by Yamane (1973) as cited by Jigme (2007) which is as below.

$$n = \frac{N}{1 + N(e)^2}$$

Whereas,  $n$  = size of the sample,  $N$  = population of sample, and

$e$  = is probability of error of (0.1).

Thus, sample size comprised 100 respondents in the study area.

Therefore,  $n/N \times 100\%$

Categories of Respondents	Population	Number of Respondents Selected	Percentage of Total Respondents
Mafiga Ward inhabitants	14,098	30	0.21
Boma Ward inhabitants	8,959	30	0.33
Kilakala Ward inhabitants	13,800	30	0.22
Ward leaders and Community project Leaders	21	8	38
CRDB Bank officers	3	2	66
Total		100	100

Table 2: Population and Sample Size Distribution

Source: Field data, 2014

### 5.3. Data Analysis and Methods

As explained earlier in Table 1, the study used a multiple case study design which was conducted in three wards of Boma, Kilakala and Mafiga. In particular, 100 respondents were involved in the study. Documentary reviews, questionnaires, observations and interviews were used to enrich the findings.

Data collection methods include primary and secondary sources for evidence. Primary sources were obtained by the use of questionnaires and interviews. Secondary sources included books, journals, research papers, dissertations and encyclopedias and other sources related to CSR and CRDB bank. Data collected were analyzed qualitatively and quantitatively.

#### 5.4. Data Analysis

- Quantitative data analysis Quantitative data processing involved categorization, reorganization, editing, coding and entering in a computer by using Statistical Package for Social Sciences (SPSS) programme. A substantial part of the analysis in this study was based on descriptive statistics analysis by using SPSS computer software based on frequency analysis and percentages. Data have been presented using texts, graphs, tables and charts to illustrate findings.
- Qualitative data analysis: According to Creswell (1994), the process of data analysis is eclectic; there is no right way. Data analysis requires that the researcher be comfortable with developing categories and making comparisons and contrasts. It also requires that a researcher be open to possibilities and see contrary or alternative explanations for the findings. The researcher used some suggestions made by Creswell (1994) to analyze the qualitative data. The process of qualitative data analysis was based on data interpretation. The volume of the data that were collected from the transcribed interviews, observations and documents reduced to contents, sub-contents and categories. These categories and codes systematically formed the basis for the emerging story that was revealed by the researcher. The researcher marked quotes that were useful in generating the contents and carefully considered information that was contrary to the emerging contents.

## 6. Results and Discussion

This chapter presents results and discussion of data. The chapter is divided into four areas. The first area has to do with socio-economic characteristics of respondents. This part presents age, gender, marital status, education levels and occupations of respondents. The chapter also presents the development projects established by CRDB Bank for socio-economic development of the community. It also gives some details on the extent to which the established projects have improved the livelihood of the community members. The chapter lastly poses challenges of the effectiveness of Bank's CSR on community socio-economic development.

### 6.1. Demographic and Socio-Economic Backgrounds of the Respondents

The socio-economic background of the respondents of this study included sex, age, marital status, education level and occupation as indicated in Table 3. The target of the study was to interview 100 respondents. The findings in Table 3 show that 52 (52%) were males and 48 (48%) were females. The number of male respondents was greater than that of females. Also women tend to engage in small socio-economic activities like food vending, local brewing, selling clothes, domestic appliances and tailoring more than men. Age is a key determinant of people's movement and socio-economic development. The majority of respondents 76 (76%) had their age ranging between 20 and 39. This is the most active age group which can afford to walk around or travel long distances to seek ways to improve their socio-economic development. Marriage is an important factor of exposure of men and women to social and economic opportunities and risks. The findings show that majority of respondents 68 (68%) were married. According to Bongaarts (2006), ecological data indicate that in Southern Africa with very late age at marriage have large epidemics which hinder serious engagement in socio-economic activities of couples.

Variable	Category	Frequency	Percent (%)
Gender	Male	48	48
	Female	52	52
Age (Years)	20-29	4	4
	30-39	39	39
	40-49	37	37
	50-59	11	11
Marital status	Single	31	31
	Married	68	68
	Widowed	1	1
Education Level	Non-formal	9	9
	Primary	6	6
	Secondary	40	40
	Certificate/Diploma	17	17
Occupation	University	28	28
	Employed	36	36
	Self-employed	31	31
	Unemployed	33	33

Table 3: Socio-economic characteristics of respondents

Source: Field data, 2014.

### 6.2. The Development Projects Established by CRDB Bank

The study was interested in identifying the development projects established by CRDB Bank in the wards it operates.

The key development projects were categorized in Educational projects, Health projects, entrepreneurship projects, environmental protection projects, youth development projects and the projects dealing with special groups such as orphans and elders. To obtain the relevant information, questionnaires, interviews and documentary reviews and observations were used.

### 6.3. Educational Support Projects

The study was interested in investigating the education support that was provided by CRDB Bank in education arena. Questionnaires, and interviews were used to obtain relevant information.

Respondents were asked the support that CRDB Bank had provided to education services. Data in Table 4 show that majority of respondents 40.4% reported that the bank had done nothing in education, other respondents 22.3% contended that the bank had constructed classrooms for schools, while some other respondents 13.8% said that the bank had provided learning materials to some schools whereas minority of respondents 9.6% reported that the bank had constructed school infrastructures for some schools in Morogoro municipality. Other respondents 13.8% did not know the support that had been provided by CRDB Bank to some schools in Morogoro municipality.

Responses	Frequency	Percent
Constructed classrooms	21	22.3
Provided learning materials e.g. books	13	13.8
Constructed infrastructures	9	9.6
Done nothing to education	38	40.4
I do not know	13	13.8

Table 4: Responses on educational support by CRDB Bank

Source: Field data, 2014.

In the interview with the CRDB Bank officers, it was reported one “the bank understands the role of education in any society if it really desires to make serious steps towards development. It is because of this that the bank has the policy to invest in the society’s wellbeing amongst which education plays a significant role. Further, it was reported;

CRDB bank each year allocates 1% of annual profit to support society’s development needs especially in health, education and environment. In Morogoro municipality CRDB bank has supported education services in varied ways. In 2012 the bank offered 5,000,000/= (five million Tanzanian shillings) to Morogoro secondary school which had met the fire disaster. The fire had destroyed students’ hostels and other property.

As its CSR, the CRDB bank contributed the money and other materials to the victims (students). The materials provided included mattresses, bed-sheets, uniforms, soap, bags and learning materials (copy books, pens etc.). All these were given to 49 students who were the victims of the disaster. In the interview with the Morogoro secondary school administration it was reported that CRDB bank assisted the school in many ways. It was said that most of the teachers and students had their bank accounts with CRDB bank. It was also contended that the school expected to consult the CRDB bank to support it in constructing the school library.

The results above could suggest to the researcher that CRDB bank was somehow committed to support education in Morogoro municipality but its commitment was still little in comparison with its capacity and community’s needs as far as education perspectives are concerned in the area.

It was expected that the bank would have contributed more to the education sector in terms of building schools, classrooms, laboratories and their equipment, dormitories, teachers’ housing, supply of study materials, teacher training, scholarships, etc. Some areas are not covered by the bank and the areas that are covered the bank do not involve community participation as most respondents (40.4%) reported that they had not witnessed the contribution of the bank to the education sector while other respondents (13.8%) did not know what the bank had contributed to education development

### 6.4. Health Support Projects

The study was interested in understanding the commitment of CRDB bank in supporting the health sector in Morogoro municipality. The respondents were asked to mention the supports that are offered by the bank to the health sector. Data in figure 1 show that majority of respondents (44%) did not know the support provided by the bank; other respondents (26%) said that the bank constructed wards for Morogoro regional hospital; other respondents (15%) said that the bank had provided beds to hospitals in the municipality; while other respondents (9%) said that the bank had provided bed-sheets to the hospitals; whereas minority of respondents said that the bank had provided medicine to the hospitals in the municipality.

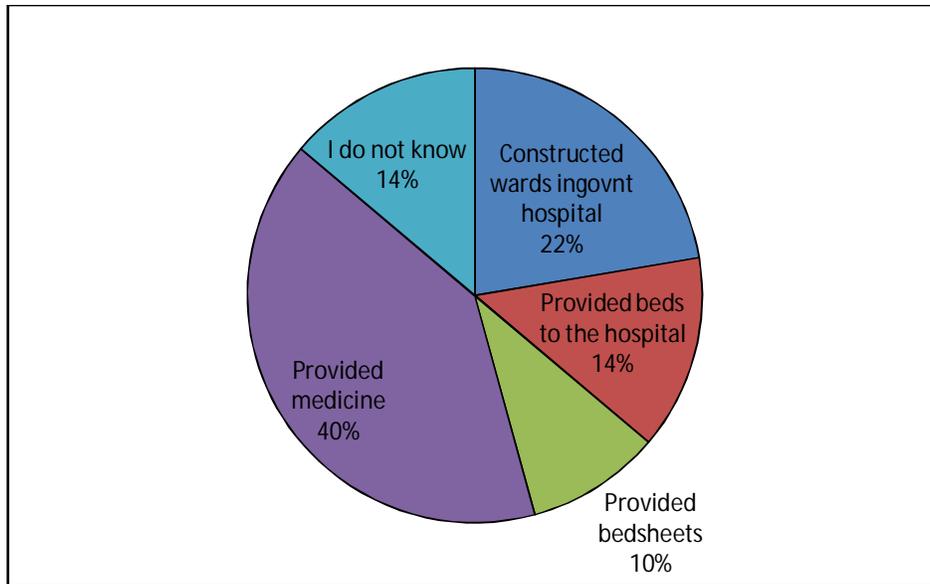


Figure 2: Responses on the supports provided by CRDB bank to health sector  
Source: Field data, 2014.

In an interview with the bank officers it was reported as follows, CRDB Bank had invested Tshs 600,000/= (six hundred thousand) for paediatrics (children medicines) in Morogoro regional hospital in 2013. In the same year (2013) the bank had spent Tshs. 50,000,000/= (fifty million) for rehabilitation of paediatrics ward (children’s ward) in the same hospital (ward number 6) as in Figure 4.3.2 (b). Also the bank spent Tshs. 15,000,000/= to buy mattresses, mosquito nets, bed-sheets, beds and dollies (toys) for the renovated ward.



Figure 3: Renovated ward by CRDB bank in Morogoro regional hospital  
Source: Field Data, 2014.

In the interview with the medical officer in the regional hospital it was reported that the bank had contributed up to 6% in 2013 in the health services for the hospital. The officer said:

“CRDB realized needs for improving paediatrics services, particularly in area of improving building (ward 6) and by so doing improving the well-fare of the patients. However, it could be of most important if CRDB bank extended its support in areas of medical equipment, medicines and financing short courses in glance of improving patient management.”

The results suggest that CRDB bank had assisted in providing health services in Morogoro municipality (more particularly in Morogoro municipal hospital) and hence improved people’s standard of living and also children have benefited out of this programme/project in a special way.

This is supported by URT (2006) that in improving the quality of life and social well-being health aspect is very crucial particularly on improving preventive and survival health and wellbeing for all with special programmes for children, women and vulnerable groups.

However, from these findings the researcher could learn that most of the health services support and facilities provided by CRDB Bank were concentrated in Morogoro regional hospital while other hospitals (both governmental and private) were denied these

supports. The researcher also could learn that community was not well involved by the bank in establishing and implementing the development projects because most of the respondents were not aware of the support the bank had provided in the health sector.

6.5. *Entrepreneurship Support Projects*

The study longed to know the support provided by CRDB bank in empowering entrepreneurs. The respondents were asked to mention the supports that are given by the bank to entrepreneurs to improve their living standards. Data in table 5 show that majority of respondents (34%) said that the bank had provided loans to entrepreneurs to start and run businesses; other respondents (25%) said that the bank had done nothing for entrepreneurs’ development; some other respondents (24%) did not know what the bank had done for the development of entrepreneurs; while other respondents (15%) said that the bank had trained entrepreneurs on better ways of how to start and run businesses; whereas a few number of respondents (2%) said that the bank provided capital to the entrepreneurs to start business.

Responses	Frequency	Percent
Trained entrepreneurs	15	15.0
Provided capital to entrepreneurs to start business	2	2.0
Provided loans to entrepreneurs for business	34	34.0
Done nothing for entrepreneurs	25	25.0
I do not know	24	24.0
Total	100	100.0

Table 5: Responses on the contribution of CRDB bank to entrepreneurship development  
Source: Field data, 2014

In the interview with the bank officers, it was revealed; CRDB Bank issued Bidii Loans programme to Small and Medium Enterprises (SMEs) to enable them meet their needs for Working Capital and Investments requirements. It was explained that the loans are designed to support the entrepreneurial initiatives of businesses. CRDB bank has introduced a new programme geared to encourage young graduates to hatch business ideas which will make them become future employers rather than being job seekers.

6.6. *Environmental Conservation Projects*

The study by D’Amato *et al.* (2009) stipulates that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals. This study was interested in understanding the commitment of CRDB bank in protecting environment during its operation towards fulfilling its CSR to the surrounding communities in Morogoro municipality.

Respondents were asked to tell what CRDB bank had done to protect environment from being degraded. The results in figure 3 show that more than one third (46%) of respondents said that the bank did not know what the bank had done to protect environment; other respondents (43%) contended that the bank had done nothing to protect the environment; other respondents (8%) reported that the bank had provided seedlings to the community members to plant in order to preserve environment; while other respondents (2%) said that the bank had planted trees in its processes of ensuring that the environment is protected; whereas minority of the respondents (1%) said that the bank had undertaken the campaigns to sensitize the people to protect and preserve environment.

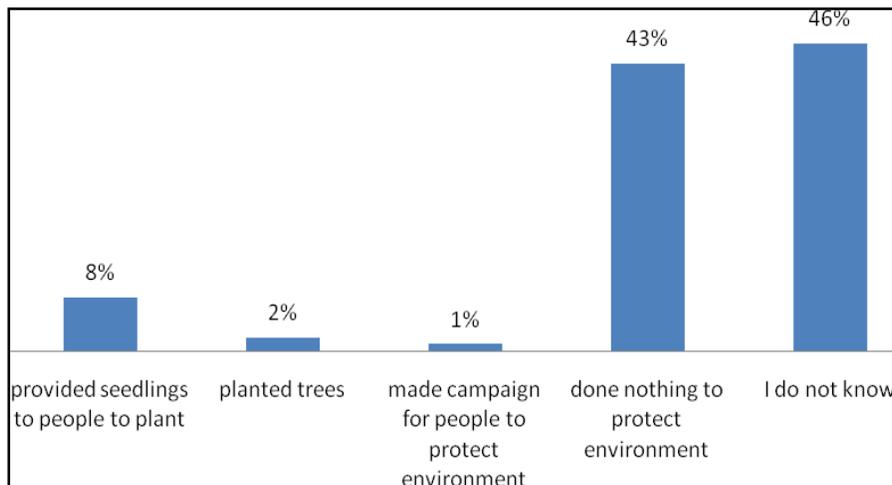


Figure 4: Responses on the role of CRDB to protect environment  
Source: Field data, 2014

In the interview with the officers of the bank, it was reported;

The bank had planted the trees in the Morogoro regional hospital compounds. The other bank officer said that many parts of Tanzania are faced by the prolonged shedding of electric power due to reduced hydro and limited capacity for thermal generation; coupled with poor weather conditions, due to unprotected environment leading to food supply shortfall in the East African region as a whole.

**6.7. Community’s Awareness in the Established and Implemented Development Projects**

According to Pande *et al.* (2012) community awareness (education) is recognized as a process by which human beings and societies can reach their fullest potential.

Respondents were asked whether the community was aware of the development projects initiated by CRDB bank in their area. Data in Table 6. show that almost half of the respondents (48%) said that the community was aware of the initiated development projects; other respondents (34%) said that the community was not aware; some other respondents (17%) did not know whether the community was aware of the initiated development projects; while very few respondents (1%) said that the bank had not established any development projects in the area.

	<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
	They are aware	48	48
	They are not aware	34	34.0
	No development projects established	1	1.0
	I do not know	17	17.0
	Total	100	100.0

*Table 6: Responses on community’s awareness on the established projects*

*Source: Field data, 2014*

**6.8. Community Participation in the Established Development Projects**

The study assumed that participation (the use of grassroots organizations and individuals) in development projects ensures better outreach and results with reduced cost of project administration and the result of all these is development sustainability for the community.

The respondents were asked if the community participates in establishment of the development projects. Results in Table 7 show that majority of respondents (52%) rejected that the community never participated in the establishment of the development projects; while some other respondents (48%) agreed that the community participated in establishment of the development projects initiated by CRDB bank.

	<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
	Yes	48	48.0
	No	52	52.0
	Total	100	100.0

*Table 7: Responses on community’s participation in development projects*

*Source: Field data, 2014*

The results above could suggest that community was not fully involved in prioritizing the development projects to be established and implemented. The community lacked information and dialogue between it and the bank. The implication of this aspect is that the majority component of civil society was not considered as part of the development process if it is not well involved in decision making to establish development projects. Discussions and decisions were made by only politicians and bank officials (implementing departments). None took place between the majority component of civil society and sometimes community leaders. The study by Muganda (2009) stipulates that community participation via decision-making is a crucial determinant to ensure that the benefits local communities get from projects are guaranteed, and their lifestyles and values are respected. However, this approach is rarely found in developing countries (Tosun, 2000; Li, 2005). Building on the same argument, Kibicho (2003) in his study about community tourism in Kenya, further noted that local communities had the feeling that they were not fully involved in their country’s coastal tourism projects, especially in decisions regarding its development, despite the fact that the industry has impacts on their well-being.

Community’s participation in decision making in development is crucial as for sustainable development to take place, communications between the community and the project donors should follow the appropriate process. According to Li (2005) only an informed community can be part of the decision-making process, which then will lead to a sustainable revitalization project.

**6.9. Stages of Community Participation in the Development Projects**

Effective community participation processes involves community being involved in the following: examining the situation; arriving at goals; identifying key problems; determining priorities; identifying and analyzing alternative solutions; selecting a course of action; developing an action plan; implementing the plan; and evaluating the outcome. Respondents were asked to

mention the stage(s) at which the community is effectively involved in the development projects undertaken by CRDB bank. The results in Table 8 show that almost one third of all respondents (36.5%) said that the community was involved at all stages of the projects; other respondents (31.2%) said that the community was denied participation in development projects; other respondents (27.1%) did not know anything about the community participation in the development projects; whereas minority of respondents (5.2%) said that community participated at the formulation stages of the development projects. The results are summarized in the Table below.

Responses	Frequency	Percent
At formulation stage	5	5.2
At all stage	35	36.5
Do not participate at all	30	31.2
I do not know	26	27.1
Total	96	100.0

Table 8: Responses on stages of community's participation in projects  
Source: Field data, 2014

The results above show that people's involvement in all stages of development stages established by CRDB bank was not favorable. The results suggest that there was no fully involvement of local people in all stages of development projects, such as needs assessment, decision making, implementation, and evaluation. This is dangerous to the sustainability of development projects since it is only people's involvement that can enhance effective participation and keep local people informed of what is happening within the project and in their community.

It is evident that community participation in development projects is a human creation because the questions of who will participate, how they will participate, why they will participate, and what they will participate in, is determined by the project officials and the funding agencies (Hauser, 2002).

## 7. Challenges

This section describes the challenges against effectiveness of CRDB Bank's CSR to community socio-economic development. The study was interested in understanding the major challenges that limit the effectiveness of CRDB bank's CSR to the community's socio-economic development. The study found that there were numerous challenges but the major ones were analyzed and discussed as follows;

### 7.1. Rapid Population Growth

There is a close relationship between population and provisions of services for the people's socio-economic development. Where population growth rates remain high and increased pressure is placed on limited natural resources to meet the growing demand for production.

It was reported by almost 56% of respondents that population has grown tremendously in Morogoro municipality that it is difficult for the bank to offer the services to satisfy the population. It was further reported that with an increasing population in Morogoro municipality, the quality of service delivery is projected to get worse in the coming years unless plans are put in place to reduce the current growth rate.

### 7.2. Climate Change

Climate change is having a profound effect on the environment especially on the quality and availability of water resources. Climate change has caused some natural resources to disappear and the eruption of new diseases. This has resulted to the increased number of the people in needs of the services by which the bank is not able to give the services to satisfy all. Water-related natural disasters, such as flooding and drought, have become more frequent and more severe and caused water-related diseases and others have lost property. Also rising temperatures due to climate change, causing increased evaporation has reduced the reliability and quality of water supplies among the people in the municipality and thus, causing vulnerability. It was observed that many water sources that existed in the area making water to flow from Uluguru Mountains have now dried up increasing the demands of the services to be offered by the bank.

### 7.3. Little Knowledge on Loan Managements among Clients

The study found that most of the clients of the bank were not skilled in financial management. This could risk the loans taken from the bank. Therefore, CRDB Bank has to developed specific ways, especially, training on which it has to incur costs in order to provide appropriate services. The study done by Rweyemamu *et al.* (2003) revealed that, formal financial institutions have failed to serve the MSEs in both urban and rural communities. Financial problem of most MSEs arises due to poor financial management; existence of information asymmetry and bank credit rationing Chijoriga and Cassimon (1999). Ogawa and Suzuki (2000) pointed out that banks do not want to offer loans to MSEs because the nature of loans required is too small and those banks find it more expensive to offer such loans.

#### 7.4. Lack of Community Awareness

As discussed in the previous sections of this paper, the study found that most of the people were not aware of the services that were being offered by CRDB banks as its CSR. This could affect effective participation of communities in the services delivered by CRDB bank.

The study by USAID (2013) stipulates that involving users of services are critical for host countries and cities to develop more inclusive service planning and standards.

Participation of the community should include diverse groups of male and female residents, business leaders, local government leaders, youth, civic organizations, and technical experts. This participation needs awareness of the community members on what the banks and other companies have to do for the community's socioeconomic development. This will require support for institutions that increase opportunities for the urban poor to engage politically and participate in decision making at both the national and sub national level. Overcoming the obstacles to citizen engagement of the urban poor requires effective, inclusive, self-governed organizations that ensure that services respond to citizens' demands and needs.

### 8. Summary, Conclusions, Recommendations and Policy Implications

#### 8.1. Summary

It was found by the study that CRDB Bank had established and implemented various development projects including education support projects, health support projects, entrepreneurship support projects, environmental conservation projects and special group support projects. It was revealed by the study that as the CSR, CRDB Bank had supported some schools especially Morogoro secondary school to provide learning materials and other important materials after the fire disaster. Also a great number of students, teachers and other people in the education arena owned accounts with CRDB Bank. In health projects CRDB bank had invested a large amount of money to renovate hospital wards (ward 6) in the regional hospital and provided important medicines to the hospital. Further, the Bank had given loans to support entrepreneurs to build their capacities in their economic development. The bank had planted a number of trees around the regional hospital in order to protect environment in its environmental conservation projects. In addition to that the bank had supported special groups more particularly the orphans. It was revealed that the bank had supported Erick memorial foundation, both materially and financially.

Also it was found that more than half of the respondents contended that community was not fully involved in establishment and other stages of implementation of the development projects.

Further, it was found by the study that there had been several challenges limiting effectiveness of CRDB Bank's CSR to community socioeconomic development. These challenges were rapid population growth, climate change, little loan management skills among clients and lack of community awareness of its role in the established and implemented development projects.

#### 8.2. Conclusions

Based on the views of community members, ward officers, and CRDB bank officers several conclusions can be drawn. It can be concluded that CRDB Bank had played an important role in improving socio-economic development. It can also be concluded, that community did not participate fully in all stages of development projects. This can really affect projects' sustainability since if the community is not fully involved the sense of project ownership cannot be attained. Further, it can be concluded that despite the achievements attained by CRDB Bank in its CSR, there are some constraints such as rapid population growth, climate change, little knowledge of loan management among clients, and lack of community awareness.

#### 8.3. Recommendations and Policy Implications

Firstly, this study found that CRDB Bank had provided services to the community in varied ways, such as in education, health, environment and entrepreneurship areas. It is therefore recommended that

1. The services were not extended enough to the community. For example, it was only one school that had been served after the fire accidents and it was only one hospital that had received bank's services, albeit the existence of numerous schools and hospitals in the municipality.
2. The bank should extend its CSR services to more schools, hospitals and other appropriate areas that need its services.
3. The study found that communities were not actively participating and influencing in establishing development projects in the area. It is, therefore, recommended that the communities be actively involved in the development projects in all stages so as to attain the sense of project's ownership by the community. This will create among the people the spirit of responsibility for the sustainability of the projects.
4. It was found that the community was not aware of its role during the bank's commitment of CSR. It is, therefore, recommended that training and education through workshops, seminars should be provided to the community members to create awareness so that they may be responsible for the established and implemented projects. Finally, this paper recommends for other banks operating in Tanzania to do the same as CRDB so as to realize community economic Development

## 9. Areas for further Research

This study dealt with only a small portion of the population of three wards in Morogoro Municipality. This makes its findings not to qualify in nationwide generalization. Therefore, other studies should be done by incorporating larger population size and more banking institutions so as to make it valid for nationwide generalization.

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