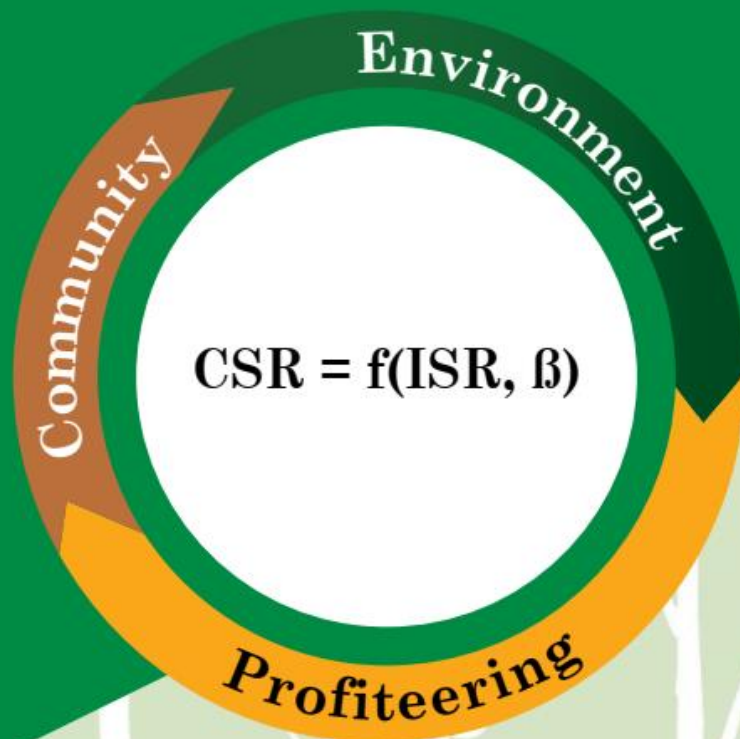


CORPORATE & INTELLECTUAL SOCIAL RESPONSIBILITY



A Guide for Industry and Service Agencies in Kenya

Fuchaka Waswa

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Agencies in Kenya**

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A Guide for Industry and Service Agencies in Kenya**

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Abbreviations and Acronyms

AI	Academic Impact
ARSO	African Regional Organisation for Standardization
BOD	Biochemical Oxygen Demand
CDM	Clean Development Mechanisms
CEP	Community Engagement Programme
CESRA	Centre for Social Responsibility and Accountability
CG	Corporate Governance
COD	Chemical Oxygen Demand
CPM	Clean Production Mechanisms
CSR	Corporate Social Responsibility
DfD	Designed for the Dump
DfE	Designed for the Environment
DfO	Designed for Obsolescence
EfSD	Education for Sustainable Development
EI	Environmental Impacts
EKC	Environmental Kuznets Curve
EMCA	Environmental Management and Coordination Act
EMS	Environmental Management System (EMS)
FC	Financial Capital
FDI	Foreign Direct Investment
GDP	Gross Development Product
gha	Global Hectares
HC	Human Capital
HAS	Hot Spot Analysis
HWB	Human Wellbeing
IE	Industrial Ecology
ILO	International Labour Organisation
IP	Intellectual Property
ISO	International Organisation for Standardization
ISR	Intellectual Social Responsibility
KEBS	Kenya Bureau of Standards
LCA	Life Cycle Analysis
LCM	Life Cycle Management
LCT	Life Cycle Thinking
MEAs	Multilateral Environmental Agreements
MFA	Material Flow Analysis
NC	Natural Capital

NEMA	National Environment Management Authority
OHS	Occupational Health and Safety
PC	Physical Capital
PDCA	Plan-Do-Check-Act
PHH	Pollution Haven Hypothesis
QMS	Quality Management Systems
SC	Social Capital
SD	Sustainable Development
SDGs	Sustainable Development Goals
SFA	Substance Flow Analysis
UNEP	United Nations Environment Programme
WCED	World Council for Environment and Development

Forward

The role of industry in job and wealth creation in Kenya cannot be overemphasised. Industry in Kenya is exemplified by among others agro-processing, construction, hospitality, manufacturing and provision of different services. Industry *per se* is however associated with negative environmental and socio-economic impacts that undermine the envisaged improvement in human well-being. Therefore, to spontaneously do ethical business without constitutional or legislative imperatives is hinged upon respect of certain core values and moral principles that would collectively have been inculcated as a culture. Championing social welfare and environmental stewardship would be such a culture. Through appropriate training, firms and service institutions can complement government effort towards attaining prosperous and just societies. This is the essence of corporate social responsibility (CSR), which is the thrust of this book.

The question every business executive should ask is, “*What lasting impact and legacy will my workers, surrounding communities, and consumers of our products and or services remember me and the firm for long after my departure?*”

Nostalgic remembrance will be determined by the extent to which the Chief Executive Officer (CEO) went to mainstream CSR in business and institutional policy and practice. Best practice in this context is not restricted to legal boundaries, but also seeks to do the right thing even though not specifically provided for by law. Similarly, since the drivers and implementers of CSR are people, the pride of training and research would be measured by the intellectual capacities and competences seen in the human resource that are supplied to businesses and industries. There is no doubt that innovation can greatly advance the needed balance between profit making, social welfare and justice, and environmental stewardship.

Visionary and transformative leadership at firm and institutional levels becomes the ultimate lubricant that guarantees the interdependence between Corporate Social Responsibility and

Intellectual Social Responsibility (ISR) for job and wealth creation and ultimately sustainable national and community development.

This book has articulated various themes in this regard and will no doubt influence Kenya's development agenda for generations to come. I highly recommend this book to all firms and people engaged in all kinds of business activities, academia and researchers, and development policy makers; who particularly wish to positively impact the socio-economic and ecological spheres of society for generations to come.



Aaron Tanui. LLB, LLM
Advocate of the High Court of Kenya

Preface

Conventionally, development trend has been from agrarian dependent economies to agro-industrialization, manufacturing industry and ICT-driven service industry status. Further, increase in population is putting immense pressure on the biophysical environment with increased risks such as climate change, land degradation, pollution, loss of biodiversity and resource use conflicts. In addition, declining opportunities in formal employment means that investment in various kinds of businesses will remain the preferred option of job and wealth creation. Therefore, the risks of social and environmental disasters and injustices will remain high, as people compete for survival.

As a result, global development dialogue has continued to rally nations towards sustainability agenda largely based on the sustainable development goals (SDGs). Locally Kenya is in addition implementing its development agenda through Vision 2030 and the big-4 agenda of the current Jubilee government. While a perfect balance among economic, social and ecological goals in development may not be achievable, the philosophy of sustainability stands out as a good guiding vision for development at all levels: household, community, national, regional and international. Hitherto less emphasised initiatives in the sustainability agenda, yet of immense positive potential are corporate social responsibility and intellectual social responsibility. This book discusses these concepts and makes the case that sustainability agenda stands to immensely benefit if governments would make deliberate effort to institutionalise and mainstream CSR and ISR in all business and service industries, their sizes notwithstanding.

Chapter one of this book introduces this discussion by focusing on how development continues to evolve and converge from the two extremes of *frontier economism* and *deep ecologism* toward sustainable development. Chapter two is a re-statement of the evolving environment-development dialogue. The environment is emphasised as the single most important life-support system, whose stewardship needs strategic interventions, including CSR

practices to optimise its utility for human well-being. Chapter three discusses the concept, principles and practices of CSR. Key pros and cons of CSR are also illuminated. Chapter four discusses CSR at the international level under the umbrella of United Nations global compact. This is particularly important due to the increasing importance of international trade in development across nations.

Chapter five makes the point that disasters and injustices at business premises and service institutions can be minimised and altogether eliminated were corporate and intellectual social responsibility practices nurtured within the systems. Chapter six reminds business persons that CSR *per se* is not panacea against negative social and environmental impacts. It needs instead to tap into emerging sustainability tools and approaches for maximised positive results. Chapter seven provides insight on how CSR could complement standardization initiatives including ISO 9000 series and ISO 14000, which essentially focus on socio-economic and environmental spheres of development. Chapter eight is a reflection CSR based on existing legal framework in Kenya, with special focus on the 2010 national constitution. The discussion point is whether CSR should remain voluntary or be legally binding, and what that would mean in the context of development policy and practice.

Chapter nine focuses on the relationship between corporate social responsibility and intellectual social responsibility. The author opines that since development decisions are ultimately made and implemented by people, intellectualism is therefore best placed to actualise CSR in both service and manufacturing systems. This calls for research and innovation from a technical and managerial dimension. Finally, chapter ten has attempted to develop a local checklist for auditing CSR and ISR in both industry and service institutions. The same are encouraged to develop audit protocols based on CSR principles and use them for continuous improvement in development decision-making. It is hoped that ideas discussed in this book will add value to the sustainability agenda in business and service provision at individual, firm and institution levels in Kenya and beyond.

Acknowledgement

This book has its foundation in the course unit ECD 426: Environment and Corporate Social Responsibility, which the author developed and taught in the School of Environment Studies at Kenyatta University. The many challenges and questions raised by students on the seemingly poor relationship between business entities and service institutions on one hand and the biophysical and social environment on the other hand caused this book to be formatted along operational guidelines in order to encourage firms and institutions to bring about positive change in their spheres of operation and influence. I thank the Kenyatta University for according me this academic platform.

Dr. Rayvistic N Mutinda contributed valuable content to chapter three. Lwaya Njeru is appreciated for her insights on the role of Small and Medium Enterprises in environmental and social injustices. Special thanks go to my family for providing moral support.

And to Him by whom we all have our being and can do all things through His grace, even unto the God of all creation, acknowledged in the national anthem; be blessing, honour and thanks giving forever and ever.

1. Introduction

“For being the sum total of nature and its components, the environment is the single most important factor of production and hence life-support system”

“Business cannot be termed successful when its impacts degrade ecosystems and demean its surrounding communities”

Corporate and Intellectual Social Responsibility should create the space where-in Planet, People and Profit interact symbiotically

Background

From time immemorial, civilizations have evolved and developed through wealth creation, which is shared through commerce and trade. Trade commodities are created from natural resources through technological and managerial innovations. Continuous improvement of living standards (economic development) is an expectation from wealth creation. Development is thus a multi-objective and multi-stakeholder undertaking because human needs and well-being are many and keep evolving. The primary raw material remains the environment in its totality. Due to the inevitable population growth, human needs will keep evolving and increasing with time, against a finite environmental resource. As such, to maintain the required levels of development, various innovations whether technological and or managerial will continue to emerge accompanied with complex negative environmental and social challenges. Development discourse has thus been oscillating between frontier economism (utilitarianism¹) and deep ecologism (eco-centrism)². While the former emphasises profit maximization and dealing with negative effects later, the later

¹ Is an ethical theory that states that the best action is the one that maximizes utility (i.e. the usefulness of something, mostly from an economic perspective)

² Is a philosophy that places intrinsic value on all living things and their natural environment, regardless of their perceived usefulness or importance to people

emphasises extreme protection of nature often at the expense of humans' needs and wants.

Frontier economism has been associated with serious negative environmental and social effects through generations and particularly in the late 70s and early 1980s. Since then the international community has tried to address these concerns by urging nations to adopt sustainable production and consumption patterns through initiatives like UN Agenda 21, the millennium development goals (MDGs) and lately sustainable development goals (SDGs). The gist of SDGs is to balance economic, social and ecological goals in the development process. Kenya's Vision 2030³ is in a way an attempt in this sustainability endeavour. The envisaged convergence from the two extremes toward sustainable development is summarised in figure 1.1.

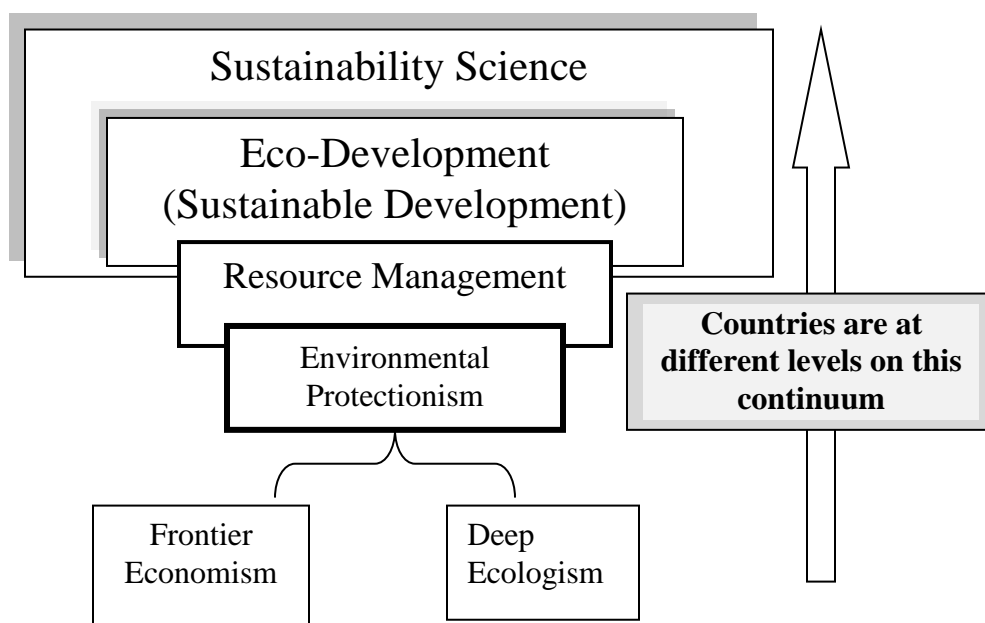


Figure 1.1: Conceptualizing the sustainable development pathway

Despite ratifying various sustainable development protocols and or conventions, finding and operating within an acceptable middle ground has remained a mirage with profiteering still over-

³ (<http://www.vision2030.go.ke/about-vision-2030/>)

shadowing social welfare and environmental conservation within the international community. Kenya too has continued to lean more on the economic pillar than the environmental and social pillars of sustainability.

Since nature (environment in its totality) is sovereign, sustainable development must be carefully attuned to its continuous health and the well-being of people who are permanently dependent on it. Corporate social responsibility (CSR) attempts to contribute to this endeavour by urging in particular the business community to make profits while at the same time maintaining the health and integrity of the environment, and also social welfare for posterity.

The basic philosophy of CSR is to do ethical businesses and effectively contribute to the development process in any defined spatial setup. This book discusses CSR and its potential role to Kenya's development; and provides practical approaches on how this innovation can be scaled-out and scaled-up given its importance in the sustainable development agenda. It is hoped that by interacting with this book, firms and service agencies will eventually adopt and mainstream CSR into their routine operations. Hitherto, small and medium scale enterprises have particularly been left out of CSR promotion and need to get on board. But whether established big firms can be emulated in the context of CSR remains a moot question because not much is documented about their pro-active role in community development. Often times, their benevolence through corporate philanthropy are falsely equated to corporate social responsibility. In this book a clear distinction between these two concepts is discussed.

Although corporate social responsibility focuses on businesses, this book proposes that the whole concept of responsibility needs to include service (non-profit making) agencies and political governance, given their inter-dependence and complimentary roles in national and community development. Responsibility in terms of human resource development is discussed under the concept of intellectual social responsibility. On the other hand, responsible governance nurtures a culture of resource stewardship and emphasises investment for the greater public (common) good over and above private interests. There is no doubt that CSR is a

powerful tool in helping nations develop along the sustainability pathway.

Environment as a Life Support System

Traditionally profit making has been a key objective of businesses as they manipulate factors of production to generate wealth (goods and services) in order to meet and satisfy human needs and wants. This relationship is economically represented by the production function:

$$Q_x = f(\text{land, labour, capital})$$

To generate X quantities of a product Q requires harnessing land, labour and capital through an appropriate business plan. Taking the environment as a factor of production, the above economic function can be represented through a Capital Model function as shown below, while their inter-relationship is illustrated in figure 1.2.

$$Q_x = f(\text{NC, HC, SC, FC, PC})$$

Where:

- *Natural capital (NC)* comprises nature's free goods and services like land, water, minerals and climate etc. NC is equivalent to land in the economic production function.
- *Human capital (HC)* entails all interventions that improve quality of people as workers, such as technical skills, medical care, and education. Its equivalent in the economic production function is labour.
- *Social capital (SC)* includes all interventions that enhance peoples' propensity to co-operate, work together and network. Examples include governance, religion, traditions and culture. SC is equally represented by labour in the economic production function.
- *Financial capital (FC)* comprises stocks of readily available money for investment.
- *Physical capital (PC)* is the end product of manipulating these four capital forms and comprises all forms of infrastructure and technology development by humans in the pursuit of development. Both FC and PC are represented by capital (k) in the economic production function.

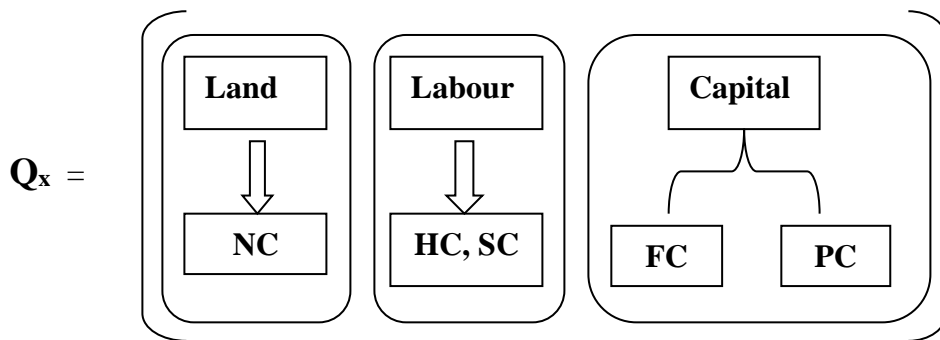


Figure 1.2. Economic production function & capital model nexus

Although these factors of production are meant to be harnessed for wealth and job creation in a sustainable manner, in reality sustainability has remained a mirage across many nations largely due to the greed for wants inherent in human beings.

The environment in its entirety is the single most important life-support system. It is the composite of all factors of production. This has been articulated in the UNCED⁴ (1992), WSSD⁵ (2002) and Rio+20 summit⁶ (2012). All economic factors of production are in essence environmental components. As such how the environment is exploited for economic growth and development determines the survivability of future generations. Guaranteeing the well-being of future generations necessitates proper understanding of the origin of sustainability philosophy, its various visualisations and how to use the paradigms for appropriate decision-making in the development process. Further, corporate social responsibility may not make sense until the critical role of the environment as a life-support system is understood. As shall be discussed later, environmental sustainability is a key component of CSR.

Therefore, how economic growth impacts on the environment (both natural and built components) is critical in designing and implementing any CSR policy of an industrial or service entity

⁴ <https://sustainabledevelopment.un.org/milestones/unced>

⁵ <https://sustainabledevelopment.un.org/milestones/wssd>

⁶ <https://sustainabledevelopment.un.org/rio20>

Philosophy of Sustainable Development

Various definitions and or descriptions of sustainable development have been advanced. The conventional definition that has informed global environmental dialogue to date was provided by Brundtland in the World Commission on Environment and Development (WCED, 1987) - thus *development that meets present needs without compromising the ability of future generations to meet their own needs*. The Brundtland Report observed that global environmental problems are primarily the result of the enormous poverty of the South⁷ and the non-sustainable consumption and production patterns in the North⁸. Inherent in the definition of sustainable development is the need to maintain the health, quality and productivity of natural resources that serve as life-support systems through generations. Sustainable Development (SD) is therefore widely understood to mean management (use, care and improvement) of environmental resources in such a manner as to ensure the attainment and continued satisfaction of human needs for present and future generations. Sustainable Development can also be viewed as development that guarantees inter and intra generation equity with respect to meeting all basic needs (goods and services). This definition further emphasises the importance of balanced development, which takes cognisance of the inter-dependence of economic, social and ecological spheres of sustainability. Young (1993) has unpacked the concept of SD by providing seven key aspects thereto, thus:

1. **Futurity:** development must be considered against a longer time-span than that normally used by businesses and politicians.
2. **Inter-generation equality:** current activities should not deplete the resource base available to future generations, so that a constant resource capital can be passed on.
3. **Participation:** all political and social groups affected by a development project should be involved in debate and decision-making.
4. **Balancing of economic and environmental factors:** decisions should be made on the basis of a broader range of issues than the economic costs *per se*. Environmental concerns

⁷ Less developed nations, which are to be found main in the southern hemisphere

⁸ Developed nations, which are generally located in the northern hemisphere

should equally be elevated from being constraints to assets in the development practice.

5. Environmental capacities: all environmental impacts should be assessed in terms of their effect on equilibrium processes so that delicate ecological balances are not disturbed.
6. Emphasis on quality as well as quantity: decisions should not be made on the basis of 'least-cost' but on a solution which gives the least damaging long-term solution.
7. Compatibility with local ecosystems: to ensure that developments sustain local social, political, agricultural and ecological systems.

In principle, sustainable development seeks to meet changing human needs while sustaining the integrity of the combined human and natural systems as they interact and condition each other over time. It embraces a multi-generation view in seeking to harmonize socio-economic and environmental goals in development. Regardless of the sector; whether agriculture, forestry, health, engineering among others, SD should be characterised by the following four tenets:

1. Environment friendliness (i.e. not causing avoidable harm to the environment)
2. technical appropriateness (i.e. the driving tools are appropriate and relevant)
3. economic viability (i.e. cost effective when viewed through the prism of returns)
4. social acceptability (i.e. it suits existing socio-cultural landscapes)

Visualising Sustainability

Conventionally, sustainable development is conceptualised as three inter-locking and inter-dependent spheres working together, thus: the environmental (ecological), the social (welfare, people), and the economic (profits). Economic development, social development and environmental management are thus interdependent and mutually reinforcing components of SD. Four sustainability paradigms are generally distinguished as shown in figure 1.3.

a). Metaphoric Visualisation

The metaphoric paradigm is based on the conventional wisdom that assumes a perfect area of intersection involving the three spheres of sustainability. The main defects of this paradigm are:

1. It is difficult in practice to conceive of social phenomena that lie outside of the environmental sphere. Both human societies and social elements lie wholly within the natural environment
2. Economic sphere comprises essentially social processes. Decision-making about economic issues is purely socially driven.

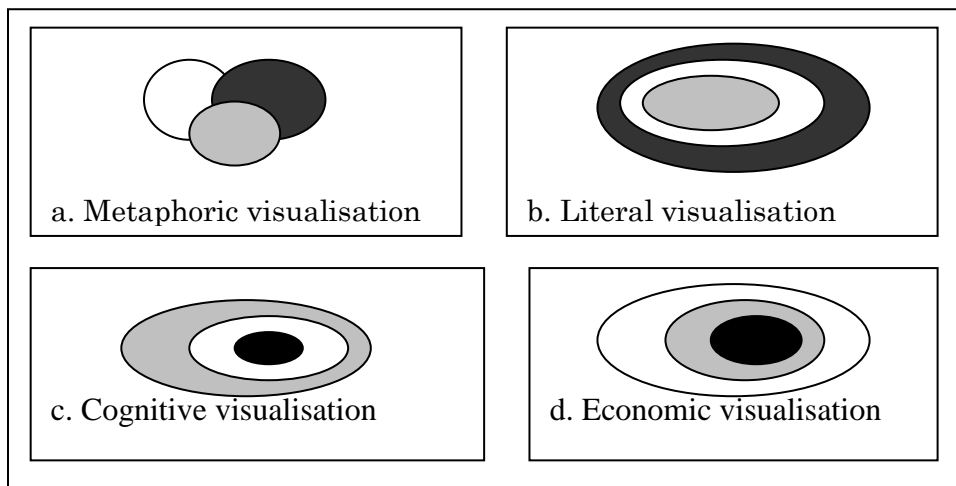


Figure 1.3: Visualizing sustainability paradigms

b). Literal Visualisation

The literal school of thought assumes that the environmental sphere is sovereign to the economic and social spheres. As such the latter two sphere lies entirely within the environmental sphere. By sovereignty it is meant that while the environment (nature) can stand alone, economic and social well-being cannot because they depend on the environmental as a factor of production or life-support system.

c). Cognitive visualisation

Cognitive paradigm is premised on the idea that sustainable development is about people. It is therefore a social process, whereby the state of the environment depends on people's decisions and actions. The social sphere is thus placed as the outermost ring with both the economic and environmental spheres incorporated entirely within it. Being the sole decision-makers, people (resource users) are considered as being sovereign to the environment and the intended economic goals.

d. Economic Visualisation

The economic paradigm puts emphasis on profit maximization. Negative social and ecological effects are secondary. They are to be addressed later. This utilitarian approach to resource use is typical for all nations running on a free market economic system; where-in capitalism is the norm. Without appropriate ethical checks, the environment and people can be overwhelmed with a myriad of negative impacts.

c. The Sustainability Pyramid

The sustainability pyramid is a concept borne from the mutual gains approach to negotiations (MGAN) that attempts to balance bring competing development goals in the interest of the greater collective gain. Its four steps (Preparation, value creation, value distribution and follow-through) were developed by scholars and practitioners at the consensus building institute⁹ Emphasis is placed on multi-stakeholder negotiations in favour of symbiotic outcomes among the three spheres of sustainability. This model is a strong pointer to negotiations that advance the common good, instead of allowing narrow individual interests to override the public good and finally bring about undesirable outcomes in the long-run (Figure 1.4). The arrows indicate the direction of trade-offs made by various stakeholders until consensus is established at point S, which represents the theoretical point of sustainability.

Regardless of who may have benefitted most or lost most after the negotiations, all parties are bound to the outcome of the negotiations implied by the point of consensus (S). Point S is not necessarily a win-win situation, but rather a negotiated agreement

⁹ <https://www.cbi.org/>

that pre-empts and diffuses conflicts in resource use. In this model, perfect sustainability would be represented by all arrows being of equal length or each apex representing 25% of the total score (i.e. 100%)

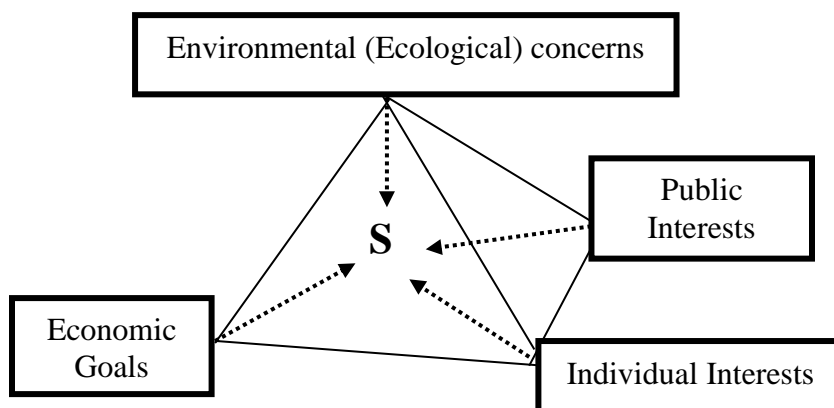


Figure 1.4. Sustainability Pyramid

Discussion Forum

Where would point (S) be within the pyramid to communicate a leaning towards deep ecology in resource use?

Sustainability Concerns of unchecked Business

As a response to environmental challenges associated with the development process, it is now globally accepted that businesses (small or big) must be designed for the environment (DfE) i.e. businesses should be environment and people friendly. Businesses are thus expected to prevent, mitigate or significantly minimise negative effects of development, which ultimately undermine human well-being. Some impacts that continue to shape global environmental and development dialogue include:

1. Global warming and climate change
2. Stratospheric ozone depletion
3. Habitat destruction and loss of bio-diversity
4. Environmental pollution, generation of hazardous waste and eco-toxicity
5. Land degradation and desertification
6. Disasters and extreme events

7. Loss of cultures, historical sites and indigenous knowledge
8. Resource use conflicts, terrorism and war
9. Global water and energy crises

Ethical business is expected to contribute to the collective effort of preventing and or mitigating negative impacts of these challenges. Firms and service institutions keen to remain at the cutting edge of global development agenda should be in the front line in this endeavour. The role of CSR in this direction and its multiplier effect on SDGs cannot be overemphasized. Businesses that are designed for the people and environment (i.e. socially and environmentally responsible) should thus be based on sound business plans, which are supported by objective research outputs and outcomes. Research excellence is thus the essence of the next chapter.

Reflection Questions
<ol style="list-style-type: none"> a) To what extent are businesses responsible for environmental change in your Country and or County? b) How is your firm or institution undermining the following SDGs?
<ol style="list-style-type: none"> 1. Poverty eradication in all its forms within its area of influence? 2. Ending hunger, achieve food security and improved nutrition and promote sustainable agriculture 3. Ensuring healthy lives and promote well-being for all at all ages 4. Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all 5. Achieving gender equality and empower all women and girls 6. Ensuring availability and sustainable management of water and sanitation for all 7. Ensuring access to affordable, reliable, sustainable and modern energy for all 8. Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 9. Building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 10. Reducing inequality within and among countries 11. Making cities and human settlements inclusive, safe,

resilient and sustainable

12. Ensuring sustainable **consumption and production** patterns
13. Taking urgent action to combat **climate change** and its impacts*
14. Conserving and sustainably using the **oceans, seas and marine** resources for sustainable development

15. Protecting, restoring and promoting sustainable use of **terrestrial ecosystems**, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. Promoting **peaceful and inclusive** societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthening the means of implementation and revitalize the global **partnership** for sustainable development.

2. Research Excellence and Corporate Social Responsibility

Useful academic and development research outputs and outcomes should shift communities and their ecosystems to the state of well-being and resilience respectively

Background

Sustainable solutions to societal problems and challenges is based on an objective and systematic examination, assessment, analysis, evaluation or determination of the issue at hand. In this regard, adequate and accurate data is needed, followed by its analysis using appropriate statistics to yield information. When the information is aligned as possible solutions to various challenges, it becomes knowledge. The ability to use this knowledge in the best interest of the common good is wisdom. From wisdom, the world can expect a balance among economic, social and environmental objectives in the development process. Research excellence is seen to be have been realised when research outputs and outcomes are translated into tangible solutions against societal challenges (Figure 2.1).

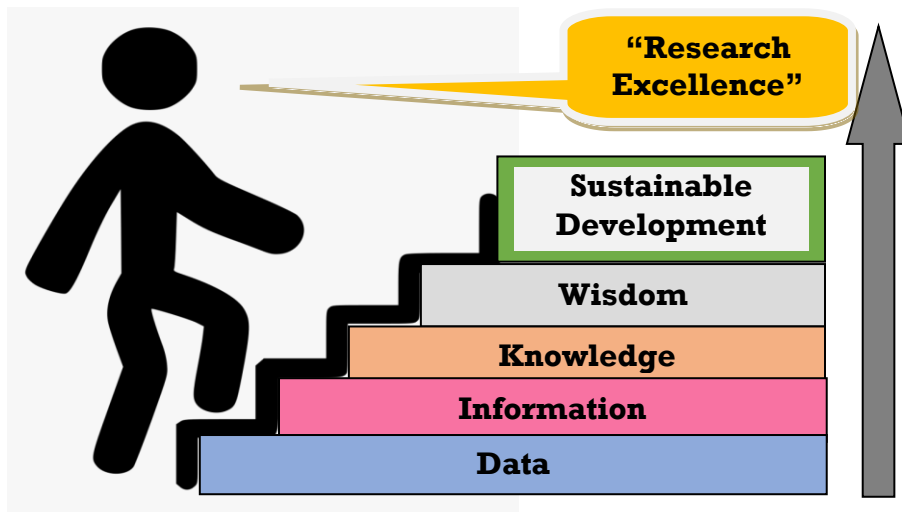


Figure 2.1. The research excellence continuum

The Legal Dimension

The traditional ethos of university education is “Leadership Education”. As such the focus is to train researchers, policy makers, administrators and managers with requisite capacity and competence for core university functions:

1. Teaching and Training
2. Research Excellence
3. Community Service and Outreach

Balancing these 3 core functions, and executing them with distinction should be the passion of every service provider in higher education. The first leadership quality in this endeavour is the capacity to take personal initiative and improving the working environment within the university system.

The national constitution 2010, the Universities Act 2012 amended 2016, individual university charter and statutes and also progressive university policies provide the spectrum within which service providers should operate without fear and favour while fulfilling their mandate.

For instance, chapter IV Bill of Rights provides in article 32 that:

- 1) Every person has the right to freedom of conscience, religion, thought, belief and opinion.
- 2) A person may not be denied access to any institution, employment or facility, or the enjoyment of any right, because of the person’s belief or religion.

Article 33. (1) provides that every person has the right to freedom of expression, which includes -

- a) freedom to seek, receive or impart information or ideas;
- b) freedom of artistic creativity; and
- c) academic freedom and freedom of scientific research

On the other hand, the universities Act Part III, Section 29 (2) provides that:

“A member of the academic staff of a university shall have the

freedom, within the law, in the member's teaching, research and any other activities either in or outside the university, to question and test received wisdom; to put forward new ideas and to state opinions, and shall not be disadvantaged, or subject to less favourable treatment by the university, for the exercise of that freedom”

The leadership expected is therefore not to stifle peoples' inherent think-tank qualities, even if they appear to challenge long-held dogmatic assumptions and self-imposed controlling cultures in universities, including specific faculties and departments. Indeed, mature leadership should not fear contrary opinions, but should rather pause and check what the NO voice could be saying that may add much needed value to the system. As it were to say YES is every easy and has the automatic effect of blocking free and critical thinking. This causes leadership to function at sub-optimal levels, when the potential for exemplary performance exists.

Further, the universities Act uses the term Academic Staff and NOT teaching staff. Unlike a teacher, an academic staff is also a researcher, a policy maker and an agent of change in society. As such leadership in universities fails when it puts more premium on teaching than on research and community service. The framers of these constitutional protocols understood that teaching in its real sense is the ethos in lower levels of education. A little of teaching but more of training, coaching, mentoring, research excellence and mentoring for leadership roles are and should be the gist of university education.

Box 2.1: The Foundation of Academic Excellence

To nurture a culture of research excellence calls for leadership in higher education to provide the environment where-in service providers engage without fear and think at all times without the box.

Requisite Skills in Research Excellence

Brain Storming

Just as the name suggests, brainstorming entails using one's brain to storm a problem with a horde of creative solutions. It is

often a group exercise where participants such as in a collaborative research team allow their brains to spontaneously generate ideas on a design issue or problem. Every idea generated is recorded or written down on a common platform. There is no room for criticism at this stage. At the end of the exercise, participants can be surprised at how much ideas and innovations they would have generated in a very short time.

According to Mind Tools¹⁰ brainstorming combines a relaxed, informal approach to problem solving with lateral thinking. It encourages people to come up with thoughts and ideas that can, at first, seem a bit crazy. Some of these ideas can be crafted into original, creative solutions to a problem, while others can spark even more ideas. This helps to get people unstuck by "jolting" them out of their normal ways of thinking.

Individual brain storming is also possible. You will most probably indulge in this as you try to define and develop your research problem statement. Just allow your mind to meander or wander an issue at hand and keep documenting ideas that form in your mind.

Brain Mapping

The society of brain mapping and therapeutics¹¹ has conceived brain mapping as a higher form of neuroimaging, producing brain images supplemented by the result of additional data processing or analysis, such as maps projecting behavior onto brain regions. In our context, the ideas generated during brainstorming are now synthesized, analyzed and mapped or grouped based on common characteristics. The ideas are mapped in such a way as to help achieve the desired objective.

Critical and Creative Thinking

Unlike conventionalism that keeps people in the ancient, creative and critical thinking triggers innovations needed to solve the ever emerging development challenges. Intellectual responsibility calls for the ability to shift from thinking in the

¹⁰ <https://www.mindtools.com/brainstm.html> (Accessed July 2021)

¹¹ <https://www.worldbrainmapping.org/About/What-Is-Brain-Mapping> (Accessed July 2021)

box, into outside the box and still better without the box. Thinking beyond the ordinary, In-depth-thinking in order to more clearly understand an issue or phenomenon should be a key signature in intellectual mentorship.

The Foundation of Critical Thinking¹² defines critical thinking as the intellectually disciplined process of actively and skilfully conceptualizing, applying, analysing, synthesizing, and/or evaluating information gathered from, or generated by, observation, experience, reflection, reasoning, or communication, as a guide to belief and action. Simply put, critical thinking is the analysis of facts to form a judgment or opinion. A good researcher reflects deeply on issues at hand.

Knowledge Management

Collection of accurate and adequate data is the foundation of creating knowledge. Once such data is analysed using appropriate statistics, it becomes information. When information is attuned to solving specific problems and or challenges, it becomes knowledge. Your research findings can for instance yield knowledge on how to prevent and control land degradation, maintain soil fertility, prevent traffic jams, increase energy use efficiency, prevent spread of certain diseases and optimise performance from different kinds of human resources. However, having knowledge per se will not solve prevailing problems and challenges. Wisdom is therefore the ability to harness knowledge for a positive effect or outcome. Knowledge management entails all that must be done to make knowledge useful.

Knowledge management¹³ is to be understood in this book as the ability to translate research knowledge into desired positive effects across the development spectrum. Inherent in knowledge management is therefore packaging and communicating knowledge to different consumers for policy formulation and development decision-making. These aspects are in essence critical components in research excellence.

¹² <https://www.criticalthinking.org/pages/defining-critical-thinking/766> (Accessed July 2021)

¹³ Bennett G and Jessani N (Eds) 2011. The Knowledge Translation Toolkit. Bridging the know-do gap. A resource for Researchers. IDRC. Sage publishers.

Monitoring and Evaluation

The dynamism in environmental components and functioning as driven by anthropogenic perturbations and pressure means that today's solutions to certain challenges may not suffice to address the same challenges at later periods. Monitoring performance of interventions and making necessary adjustments becomes a normal process in development research. Your research can be taken to another level to address emerging and more complex societal challenges. Monitoring and evaluation call for open mindedness and willingness to shift positions, paradigms and interventions as may be appropriate. To minimise inevitable adjustments calls for long-term planning and hence research innovations that extend beyond the skyline. Exploratory and anticipatory scenarios analyses become yet other important competences you must have as a researcher of today and of the future.

The Self-Sustaining and Influencing University

Although public universities are meant to be public goods to be fully financed from public resources, the reality of financial incapacitation, has persistently limited most universities from fulfilling their core mandates. Progressive universities have overcome their dependence on government capitation by creating their own income streams. This is the essence of entrepreneurial university models. For being the hub of all known expertise and training people in those expertise, a university that is intellectually and socially responsible should demonstrate its ability to practice what it trains at a cost. For example, medicals schools should offer the best health services, engineering faculties should generate income from mega engineering projects, the best food market should be the signature of agriculture faculties, while hospitality and tourism faculties should dominate the hotel and touring industry. The schools of business and economics should have commercial facilities like supermarkets to showcase their acumen. Besides income generation, these business ventures would also serve as internship, attachment and apprenticeship spaces for the university students.

Research Excellence is a signature of Intellectual Social Responsibility

3. Corporate Social Responsibility – the Concept

“Corporate Social Responsibility entails doing ethical business as guided by honest respect of people and their biophysical environment for posterity”

Background

The term corporatisation conventionally evokes the idea or objective of business, industry or private sector engaged in profit making activities. Business empires have been established in different sectors and different commodity value chains: Agriculture, manufacturing, tourism and hospitality, banking, transport, construction and even security. Apart from hosting some very successful mega businesses, the proportion of small and medium scale enterprises in Kenya is increasing and will remain the biggest employer for generations to come. Making money and making it quickly with little consideration of how the wealth is made and the concomitant negative social and environmental impacts has become a national culture.

For a start, social responsibility is being concerned with the consequences of a person’s or institutions behaviour and how it might affect the interests of other people. That eleven out of the seventeen SDGs directly and indirectly touch on social welfare¹⁴ is indicative of the value attached to people in global development agenda. The social pillar of Kenya’s Vision 2030 emphasises this aspect by seeking to improve the quality of life for all Kenyans by targeting a cross-section of human and social welfare projects and programmes, specifically:

1. Education and training
2. Environment, water and sanitation
3. Gender, youth and vulnerable groups
4. Health
5. Population, urbanization and housing
6. Sports, culture and arts

¹⁴ SDGs 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 16 in some way also address social welfare

Accordingly, the question should be asked whether CSR policies and practices of various firms operating in Kenya consistently encourage investment in at least one of the above areas in pursuit of improved human well-being¹⁵. Further, since the social sphere of sustainability is about people, understanding the roles of both stakeholders¹⁶ and shareholders¹⁷ is important in shaping appropriate CSR interventions. Responsible business practices should thus take into account the interests of stakeholders as much as is legally and practically possible and appropriate. To do this, corporate leadership needs to undertake routine stakeholder analysis¹⁸.

Discussion Forum		
Critically examine the unique roles of the following CSR stakeholders		
Stakeholder	Main Mandate	Expected CSR Role
1. Individual persons		
2. Company employees		
3. Surrounding community		
4. Service institutions		
5. The wider public		
6. Civil society organisations		
7. Other private sector		
8. International community		
9. Government		

Definitions of Corporate Social Responsibility

Although CSR has only gained significant importance for governments, non-governmental organizations, customers, the public and other stakeholders during the past 20 years (El Dief and

¹⁵ Living standards as indicated by good health, good social relations, safety and security, having materially enough for a decent life and having the ability to make choices and preferences (MA-Framework)

¹⁶ Stakeholders are the people who affect (impact) or are affected by (impacted upon) a business. They include suppliers, employees, shareholders, customers, society and government.

¹⁷ These have invested in the business and expect to benefit from any profits made.

¹⁸ i.e. identify specific categories of stakeholders and those interests that should be considered when making business decisions, in pursuit of sustainable development.

Font, 2010; Font, *et al.*, 2012; de Grosbois, 2012), the concept itself is not entirely new. The first notions of greater responsibility when conducting business occurred in the beginning of the eighteenth century. *Cadbury* and *Johnson and Johnson* were amongst the first companies to identify the benefits of conducting business social responsibility for increased business success (Katsoulakos *et al.*, 2004). As early as in 1953, H.R. Bowen stated that it should be the responsibility of every businessperson to conduct business in a way that is beneficial to society (Tepelus, 2010). Nevertheless, up to the early 1960s it was common for companies to operate regardless of any social concerns, and thus limiting their social and environmental efforts to charitable donations (de Grosbois, 2012).

Friedman (1970) advocated an even more radical theory in his article "*The Social Responsibility of Business is to Increase its Profits*". As the title suggests his view on companies' rights and duties were limited to creating shareholder value in terms of profit. Nevertheless, supporting H.R. Bowen's philosophy, in the 1970s and 1980s perceptions of business activities changed especially amongst consumers, leading to the emergence of a "*social contract*", which proposed that "firms' activities are permitted as long as they are for the wider benefit of society" (Beauchamp & Bowie, 1993; Goodpaster and Matthews, 1982 as cited in Mitchell, 2006). However, it was still not clearly defined what society regarded as valuable. Therefore, during the 1990s a growing number of sustainability concepts were initiated, aiming at providing a common understanding of what was, and sometimes still is, considered beneficial for society (Katsoulakos *et al.*, 2004; Tepelus, 2010).

In principle CSR can be viewed in several ways:

1. It refers to achieving commercial success in ways that honour ethical values, compliance with legal requirements and respect for people, communities and the natural environment.
2. CSR means considering the company's actions with view of operating in a way that balances the need for short term profits with society's long term needs.
3. It is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

4. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple Bottom Line Approach), while at the same time addressing the expectations of shareholders and stakeholders.
5. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large. In turn the firm gains by enhanced productivity of its staff, improved sales and hence better financial performance in the long run.
6. CSR (also sometimes referred to as corporate conscience, corporate citizenship or sustainable responsible business or just responsible business) is a form of corporate self-regulation integrated into a business model.

As such CSR can be a strategic business management concept unlike charity, sponsorships and philanthropy, which are generally not. Key CSR issues include:

1. Environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions,
2. Employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

Therefore, a properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, saving operational costs, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

Whereas philanthropy¹⁹ can also make a valuable contribution to poverty reduction and the reputation of a company including its brand, the concept of CSR clearly goes beyond that. CSR policy functions as a self-regulatory mechanism whereby a business

¹⁹ Sporadic and ad hoc charitable gestures firms make to stakeholders external to their operations as a form giving back to community.

monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law²⁰". CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

Carroll (1991) provided one of the most widely accepted theories, suggesting the division of corporate responsibilities into economic, legal, ethical and philanthropic responsibilities (Figure 3.1). Being at the base of Carroll's pyramid, success in economic objectives is considered the basis of addressing the other responsibilities that go beyond making profit per se. But as will be discussed in proceeding sections of this book, philanthropic approaches carry the notion of "hit and run as you wish". This charity approach by firms is not sustainable because most of the time, it does not address felt needs of communities. The benevolence of the company is viewed as being for short-term image building and public relations.

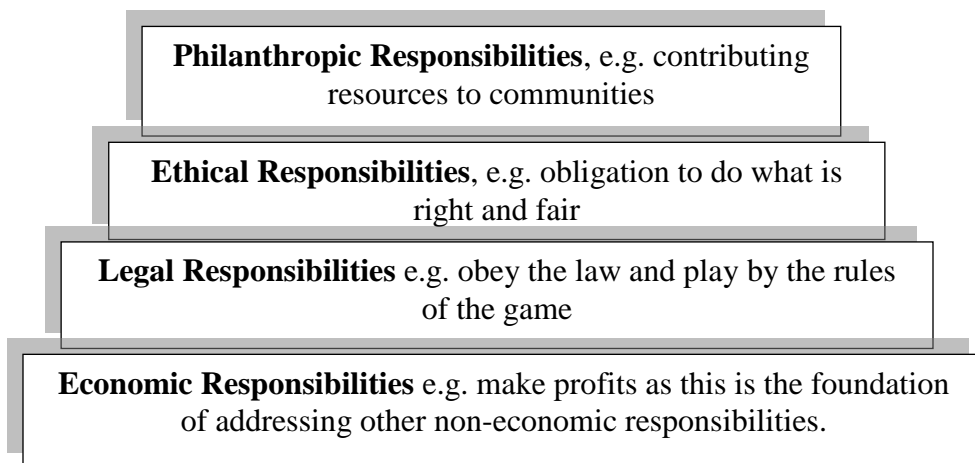


Figure 3.1. Pyramid of CSR (Modified from: Carroll, 1991)

²⁰ It is important to distinguish between doing things the right way and doing the right thing. The latter goes beyond the letter of the law.

Principles of Corporate Social Responsibility

The CSR principles expounded upon in this section are based on a CSR kit developed by the *Ufadhili* Institute²¹.

1. CSR focuses on stakeholders and NOT shareholders. Shareholders are profit-oriented and may not care about environmental and social impacts that undermine company profits. Focusing on stakeholders (i.e. all people directly or indirectly affected by an activity) will boost CSR objectives when the stakeholders directly or indirectly hold production and service firms to account. Note that while shareholders are stakeholders, not all shareholders are stakeholders. The majority in this case are always the stakeholders, and “*may have their way as the minority shareholders have their say*”.
2. Building on the philosophy of sustainability, companies should take a three dimensional approach by integrating the social and environmental spheres of sustainability and NOT just the economic sphere in their routine operations. Emphasis should be sustainability thinking, which naturally calls for clear integration of the “*Literal and Cognitive Visualizations of Sustainability*” in their planning.
3. Unlike “philanthropy”, the accountability approach takes corporate social responsibility beyond compliance with legal standards and adherence to international rules and regulations to more positive responsibility including proactive initiatives of best practices. It is thus necessary to do things the right way and also to do the right thing when situations so demand. Doing the right thing may be in conflict with company policy, yet not illegal or unethical (Waswa and Sauda, 2012). If the law is defective and sticking to it undermines the common public good, going beyond it by doing what is right and not being trapped in doing things the right way should be the culture in progressive CSR policies and practices. Since all known sound environmental management practices may not be documented in national policies and laws, the need to be responsible by tapping

²¹[http:// www.ufadhilitrust.org](http://www.ufadhilitrust.org)

into other best practices based on available expert knowledge and literature should be the delight of transformative business leadership.

4. Firms are encouraged to consider long-term impacts of their operations and the needs of their stakeholders so that their decision-making is not just about short-term gains. Quick fixes that do not last should be avoided in favour of addressing the root causes of problems, so as to ensure that solutions provide long term benefits. For example, “polluter pay principle” has only short term gains. On the contrary, “polluter jail²²” principle could be the best deterrent against profit-driven negative environmental changes.
5. A holistic approach to responsibility requires the company to understand and address issues of responsibility both internal as well as external to the business. When unresolved internal issues explode, the firm’s image suffers and sales may be affected. Similarly, when external issues are ignored, the firm’s operations may be sabotaged by the external clientele who also constitute the main market of the firm’s goods and services.
6. Responsibility is proportional to influence. Though not a law, the greater a company’s power or impacts, the greater should its level of responsibility be. In a home it is expected that parents will be more responsible than their children. At some point when the children are grown up, their levels of responsibility are equally expected to have increased. For example, the level of responsibility for a giant like Safaricom is expected to be higher than that of new comers like cell-tell, at least in the short term. Likewise, that of Brookside dairies should be greater than that of small private milk processors. DT Dobbie should similarly be more responsible than ordinary car dealers and mechanics in the sector. The same applies to other large corporations like Telecom Kenya, Portland cement, several hotel chains and

²² A CEO of a business is likely to prefer adherence to ethical and environmental standards in business practice than be jailed without the option of a fine. Most governments prefer the polluter pay principle because of vested interests in the businesses in question.

Kenya Power and Lighting among others when compared to their peers. What remains a moot question is whether a CSR audit of these companies would exalt them or expose their soft bellies.

7. For service agencies like universities, the big 5²³ are expected to be more socially and intellectually responsible than new and small universities, at least in the short-term. The University of Nairobi should be leading the pack. Whether this is the case or not can be ascertained through independent CSR and ISR audits.
8. For multi-national companies, corporate responsibility extends to all operations within its control. Responsibility is global and NOT just local. It would be bad practice for Toyota Japan to have different professional standards (environmental and social) for Japan and Kenya. The quality of Coca Cola as a product should be the same in Nairobi just like in New York. Brookside's CSR policy should apply both in Kenya and elsewhere its products are sold. Products designed for obsolescence (DfO²⁴) undermine the spirit of CSR when they are exported to developing countries. Similarly, when direct foreign investment (DFI) takes advantage of pollution safe haven provisions in developing nations, CSR is also undermined.
9. A company's accountability is expected to extend to include its forward and backward linkages in its supply chain. Since every product has a life cycle²⁵ a firm's accountability needs to integrate hotspot analysis (HA) and life cycle management (LCM) as key planning tools in progressive CSR policies and practices.

²³ i.e. The University of Nairobi, Kenyatta University, Moi University, Egerton University, Jomo Kenyatta University of Science and Technology, Maseno University and Masinde Muliro University of Science and Technology

²⁴ Though attractive to the eye, these products are not meant to last. Trading in them often increases the ecological footprint.

²⁵ Raw materials must be extracted and taken through various stages to finally yield the desired product.

10. Key to effective corporate responsibility is the need to embed responsible policies and practices throughout the firm's operations and taking heed to unlearn, learn and implement change positively as may be necessary. Failure to mainstream environmental and social policies and practices will leave the firm's performance at philanthropic²⁶ rather than at CSR level.
11. Businesses are expected to put systems in place to understand their impacts and monitor and measure change caused by company operations. In terms of customer care ISO 9000²⁷ series may be a reasonable tool. On the other hand ISO 14000 series would be appropriate to track and maintain environmental impacts within acceptable levels²⁸.
12. Companies are expected to make disclosure on their environmental and social performance through a triple bottom line approach in reporting. In Kenya environmental audits are to be filed annually by firms. The same firms should be ready for unannounced inspection by the National Environment Management Authority (NEMA). Such audit reports can form part of a firm's CSR reporting. However, firms must stick to formats and details that reflect good practice in CSR reporting.
13. Companies should be open to external verification audits. Avoiding external audits may suggest that a firm is engaged in unethical and or illegal practices that must not be exposed to the public and authorities.

Operationalization of social responsibility can occur on at least 3 levels, thus:

1. **Market Actions:** Businesses inherently act responsibly through payment of taxes, creating employment for stakeholders and profit-stewardship (i.e. sharing its wealth)

²⁶ Philanthropy is short term and unsustainable, while CSR is people centred, long term and therefore sustainable.

²⁷ <https://www.iso.org/iso-9001-quality-management.html>

²⁸ <https://www.iso.org/iso-14001-environmental-management.htm>

2. **Mandated Actions:** These are programmes or actions required by government regulations or by agreements negotiated with stakeholder institutions like unions.
3. **Voluntary Actions:** These are programmes that go beyond legal, regulatory or negotiated mandates

Discussion Forum	
i.	Compare and contrast: Corporate Social Responsibility, Corporate Philanthropy and Corporate Generosity
ii.	Where do you think big corporations should be spending their CSR resources?

Theme-Specific Corporate Social Responsibility

CSR at the Workplace

A workplace may be defined as a place where people with different skills congregate to offer skilled labour to generate products and or services for a pay. The employer for such people is often a commercial or service entity. The work place environment can thus add value to people or degrade them depending on how the inherent human and social capital is harnessed. A progressive company or service agency should make profits while at the same time respecting and protecting the welfare and rights of its workers. In an ideal situation, people need to work because they want to work and NOT because they need to work. In this regard CSR at the work place involves deliberate efforts to:

1. Provide a good working environment that significantly enhances occupational safety and health (OSH)²⁹.
2. Provide equal opportunities to all people regardless of sex and other factors in-line with international obligations
3. Invest in competitive remunerations and benefits
4. Respect diversity and human rights
5. Offer opportunities for training and education (staff development)

²⁹ The COVID-19 pandemic that has ravaged the world has also exposed the under belly of most employers when it comes to guaranteeing safety of workers through provision of requisite personal protective equipment. Both ordinary citizens and health professionals have been killed by this virus.

6. Professionally handle labour and management relationships³⁰
7. Encourage Work-Life Balance
8. Operate within acceptable disciplinary practices.

Going forward in the context of sustainable strike solutions, the Bill of Rights in Kenya's 2010 constitution provides good building blocks that firms could use to develop and implement good CSR practices at the work place.

CSR at the Market place

Since a company's impact on society is made up of the impacts of what it produces, how it buys and how it sells, the CSR philosophy at the market place should be – "*Winning with Integrity*". In terms of marketing, the key indicators of the company's level of responsibility are but not limited to:

1. The magnitude of the harm or value its core products and services generate.
2. Whether its approach to marketing, advertising and procurement are fair, honest and effective.

In this context, product stewardship should include among others the following fundamentals:

1. Product description should provide accurate and clear labelling of the product (name, content/ingredients, etc.). The consumer needs to be fully aware about what they are buying.
2. Product safety³¹ should be guaranteed in order to not harm consumers when used as expected.

³⁰ In the Kenyan context, disparities in remuneration have been perpetual causes of industrial unrest with severe socio-economic impacts as recently demonstrated by the Doctors', Nurses', teachers' and university lecturers' strikes (<https://www.kenyaplex.com/resources/13744-relentless-industrial-action-in-kenya.aspx>). Instead of negotiating in good faith to address the labour concerns, employers have often used demeaning methods to crush the industrial actions. In some cases, signed collective bargaining agreements (CBAs) have been violated with impunity. For needing to work, demoralised employees have trooped back to work and undermined systems by under-performance.

³¹ A broker from Nairobi goes to rural farms. Buys tomatoes sprayed with pesticides and whose residual effect is not over, and against the advice of the farmer goes and immediately sells to urban dwellers.

3. In spite of the “*willing seller willing buyer principle*”, misleading, deceptive or anti-competitive pricing should be avoided.
4. Consumer rights should be protected
5. Ethical advertising should be the norm. Misleading or offensive advertising should be avoided³².
6. All personal data should be safeguarded.
7. Good business practices along the entire supply chain should be encouraged. This includes respecting contracts entered into.

Environmental Stewardship

Being the life-support system, the environment in its entirety should be managed based on sustainability expectations. Direct and indirect impacts of firms on the biophysical and socio-economic environment should be considered with the view of maximising the positive impacts while at the same time minimizing the negative impacts. These objectives are inherent in the philosophy of resource stewardship³³. The preferred relationship model between people and their environment should be symbiotic (mutualism) and not parasitic. The end result of parasitism is collective tragedy when the parasite (people) and the life-support system (environment) suffer collective damage and loss. The world is currently burdened by impacts of environmental changes such as:

1. Conflicts, war and terrorism
2. Deforestation, de-vegetation and loss of biodiversity.
3. Diseases, occupational health and safety risks
4. Energy crisis and related consequences
5. Environmental pollution and toxicity
6. Global warming and climate change
7. Land degradation and desertification
8. Poverty and human indignity
9. Water crisis and related challenges

³² Today most advertisements seem to attach sexual gratification to most items, which indirectly borders on sexual harassment, demeaning of the female gender and general moral decadence.

³³ Using resources wisely, carefully and with a sense of conservation. The level of environmental consciousness in Kenya may be low because the environmental pillar was subsumed in the social pillar of vision 2030 and therefore effectively diminished in importance.

The goal of environmental stewardship is thus to shift human-environment relationship from negative models like parasitism to symbiosis (mutualism). Firms need to analyse and mainstream sustainable development goals into their routine operations in pursuit of environmental sustainability. In Kenya the environmental management and coordination act provides a good foundation for developing CSR policies in this regard.

Community Engagement and Governance

In the context of CSR, companies should in particular be good neighbours to the surrounding communities because of the role these neighbours play as providers of labour and also consumers of company products or services. Apart from positive impacts like job creation and provision of goods and services, businesses can add an extra value to people through a Community Engagement Programme (CEP). For sustainable impact CEP should be founded on negotiated agreements between the firm/agency and the target communities. Charitable giving can be in response to random events that may have serious effects on the community. Beyond charitable giving, *Ufadhili Trust* outlined seven **Ps** of Corporate Giving thus:

1. The need to contribute **products** and services to the community
2. The need to provide access to business **premises** including its assets and services as need may arise
3. The need to use the firm's **purchasing** power to advance social goals
4. The need to use its **power** of contacts and influence to advance social well-being
5. Cause related marketing (**promotion**) campaigns
6. Mobilize the passion, expertise and time of employees (**people**) through volunteering
7. The need to provide part of its **profit** as financial support to the community

Going forward, a good CEP should involve institutional development of community organisations to ensure order and long-term sustainability, while eliminating the dependency syndrome. Local leadership that has a good working relationship with the company is vital. This is however hinged upon open, sincere and structured engagements.

Corporate Governance

Corporate governance generally means the way an organization, particularly private sector is directed, controlled and managed in pursuit of their core functions (profitability). Conventionally, it seems to place much responsibility for overall business performance on top management in the interest of shareholders. In the context of CSR, corporate governance should include rules, regulations and strategies of adding value to the wider community (stakeholders). This explains why progressive firms and institutions are now mainstreaming and investing into corporate managers and environmental managers. A firm without these two offices is likely to pursue profits at the expense of social welfare and environmental stewardship.

CSR Reporting – Triple Bottom Line Approach

It is widely acknowledged that disclosure of performance by firms or service agencies often reveals gaps that suggest that operations do not always mirror corporate policies. Similarly, cases where positive discrepancies exist (i.e. where individual firms exceed their corporate targets) cannot be ruled out. Traditionally firms tend to have phobia for reporting and disclosure for fear of being penalised where standards may have been violated. Such fear is unfounded because the intention of CSR reporting or complete audit is to identify areas for continuous improvement, over and above conventional focus on cost reduction and stipulated labour and legal requirements. A progressive firm or institution should strive to exceed statutory expectations in the positive direction. In order to enhance commitment to the principles of CSR, there is need for systematic and regular measurement by a company of its social, environmental and economic impacts and performance.

In most cases companies report on their financial prosperity (profits) alone (single bottom line). Profits and losses tend to be the focus, with shareholders being the main beneficiaries of such information. Negative environmental and social impacts of businesses were considered none of their concerns. Businesses would respond to problems like pollution, degradation, deforestation, social disparities and injustices among other environmental changes later. In essence the precautionary

principle inherent in Agenda 21³⁴ of the United Nations conference on environment and development was side-lined in favour of quick and super profits. With the emergence of environmental stewardship, sustainability concerns and vocal agitation by human rights, organisations are being compelled to also disclose their performance on social and environmental variables. Under best CSR practices, companies are expected to report on the three spheres of sustainability and hence the triple bottom line approach as shown in figure 3.2 and table 3.1.

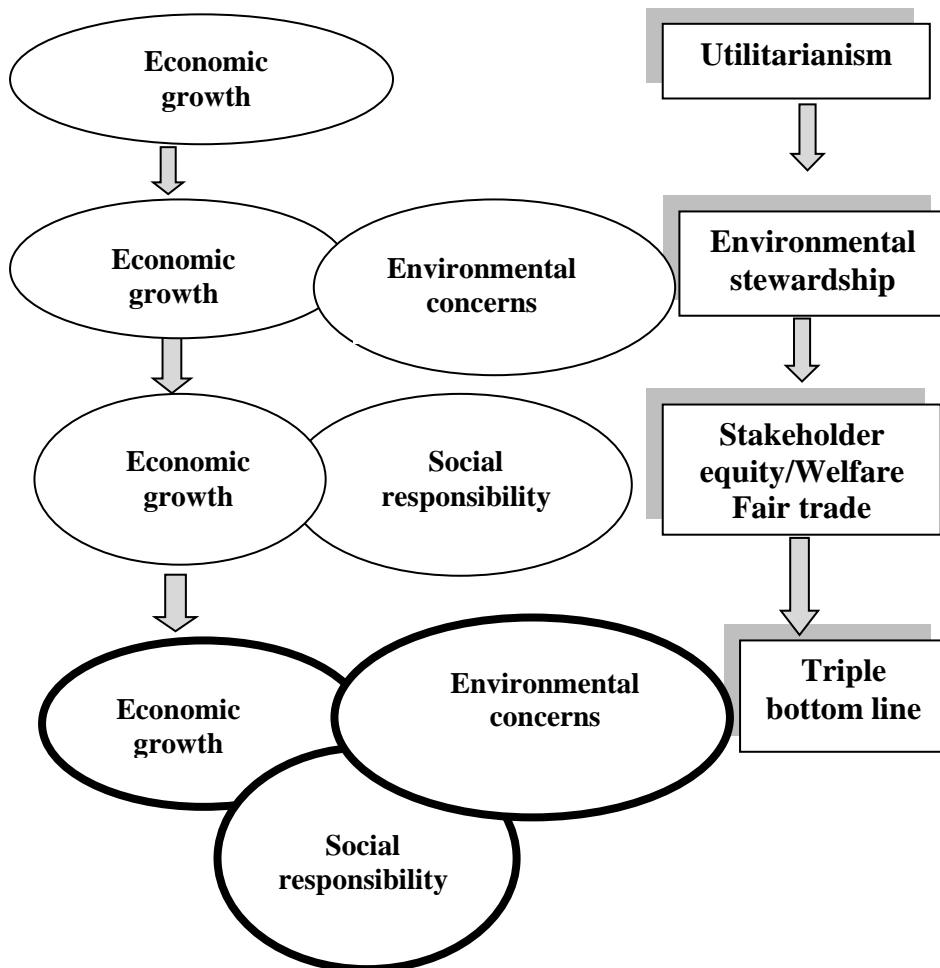


Figure 3.2. Emergence of the triple bottom line principle

³⁴<https://sustainabledevelopment.un.org/content/documents/Agenda21.pdf> (accessed on 8th November 2018)

Whether this expanded reporting should be legally binding or not remains a critical policy issue for dialogue. Disclosure based on the three spheres of sustainability (triple bottom line) is representative of reality given the inter-connectedness and inter-dependence of ecosystem components. Each sphere can therefore form a key component of reporting, detailing both positive and negative impacts and how future operations will mitigate the negative and maximise the positive impacts. Depending on the scope, the report can also be based on the principles of the UN global compact. Some possible CSR reporting frameworks for business and service industries are indicated in tables 3.2 and 3.3 below. Firms and institutions may domesticate reporting formats but provide full disclosure as expected.

Table 3.1: Contrasting single & triple bottom lines

Financial prosperity (Economic sphere only)	1. Financial prosperity (Economic sphere)
	2. Environmental quality (Environmental sphere)
	3. Social welfare (Social sphere)
Single Bottom Line	Triple Bottom Line

Table 3.2: CSR Reporting Framework

Economic Sphere		Social Sphere		Environmental Sphere	
Item	Remarks	Item	Remarks	Item	Remarks
1					
2					
n					
Conclusions & Recommendations		Conclusions & Recommendations		Conclusions & Recommendations	
1					
2					
n					

Table 3.3: CSR Reporting Framework

Category 1: Economic Sphere	
Variable	Remarks based on best practices
1	

2	
n	
Category 2: Social Sphere	
Variable	Remarks based on best practices
1	
2	
n	
Category 3: Environmental Sphere	
Variable	Remarks based on best practices
1	
2	
Recommendations for further Improvement	
1	
2	

Discussion Forum	
<ol style="list-style-type: none"> 1. Compare this framework with any other available format and explain their convergent and departure points. Source: 2. What format would work best for your firm or institution, without compromising the essence of CSR and ISR? 	

Business Advantages and Disadvantages of CSR

Expected business advantages and disadvantages of CSR can be deduced from the key issues within CSR, which include among others:

1. Quality environmental management
2. Efficiency in resource use
3. Responsible sourcing of raw materials
4. Honest and progressive stakeholder engagement
5. Abiding with labour standards and working conditions
6. Employee and community relations
7. Investment in social equity, gender balance, and human rights
8. Upholding good corporate governance and anti-corruption measures.

Consequently, a properly implemented CSR policy can bring along a variety of competitive advantages, such as:

1. Attracting better employees and reduced turnover rate
2. Attracting new customers
3. Better competitiveness and increased sales and profits
4. Better decision making mechanisms
5. Efficient human resource base
6. Enhanced access to capital and markets
7. Enhanced customer loyalty and goodwill
8. Enhanced environmental health
9. Expanded opportunities to influence socio-political changes.
10. Improved brand image and reputation
11. Improved productivity of workers
12. Improved quality of products and services
13. Improved survival and sustainability of the firm
14. Reduced business risks
15. Significant savings on operational costs

On the contrary, opposition to CSR has been generally based on among others the following arguments and concerns:

1. CSR imposes costs that make corporations less efficient and profitable, thus subtracting from overall social welfare
2. It is unfair to shareholders because their profits are diverted to social projects that do not have their support.
3. Its advocates are driven by a leftist political agenda, which could stifle hard work as it seeks to create a welfare society.
4. CSR takes up social programmes that are conventionally the responsibility of governments, using taxes already paid by corporate entities.
5. Diverting company profits to social programmes could translate into higher product/service prices that must be incurred by consumers (i.e. the same stakeholders who are supposedly being cushioned)
6. CSR could expose company secrets to their competitors.
7. CSR opens profit entities to political functions and evaluations.

These arguments for and against corporate social responsibility should not be expected to end. They reflect society's oscillation between development models – capitalism on one end and socialism on the other extreme, and a myriad other in between.

The "economic" argument against CSR is perhaps most closely associated with the American economist Milton Friedman³⁵, who has argued that the primary responsibility of business is to make a profit for its owners, albeit while complying with the law. According to this view, the self-interested actions of millions of participants in free markets will, from a utilitarian perspective, lead to positive outcomes for society. If the operation of the free market cannot solve a social problem, it becomes the responsibility of government, not business, to address the issue.

The "competitive" argument recognizes the fact that addressing social issues comes at a cost to business. To the extent that businesses internalize the costs of socially responsible actions, they hurt their competitive position relative to other businesses. This argument is particularly relevant in a globally competitive environment if businesses in one country expend assets to address social issues, but those in another country do not. Since CSR is increasingly becoming a global concern, the differences in societal expectations around the world can be expected to lessen in the coming years. Finally, some argue that those in business are ill-equipped to address social problems. This "capability" argument suggests that business executives and managers are typically well trained in the ways of finance, marketing, and operations management, but not well versed in dealing with complex societal problems. This view suggests that corporate involvement in social issues may actually make the situation worse. Part of the capability argument also suggests that corporations can best serve societal interests by sticking to what they do best, which is providing quality goods and services and selling them at an affordable price to people who desire them.

On the other hand, there are several arguments in favour of corporate social responsibility. One view, held by critics of the corporate world, is that since large corporations create many social problems, they should attempt to address and solve them. Those holding this view criticize the production, marketing, accounting, and environmental practices of corporations. They

³⁵ Milton Friedman was a 1976 Nobel Prize winning economist. He strongly believed in free markets and minimal government interference as the best long-term monetary policy for a healthy economy. (<https://www.econlib.org/library/Enc/bios/Friedman.html>)

suggest that corporations can do a better job of producing quality, safe products, and in conducting their operations in an open and honest manner.

A very different argument in favour of corporate social responsibility is the "self-interest" argument. This is a long-term perspective that suggests that corporations should conduct themselves in such a way as to assure themselves a favourable operating environment in the future. This view holds that companies must look beyond the short-term, single bottom-line perspective and realize that investments in society today will bring benefits in the future. Furthermore, it may be in the corporate world's best interests to engage in socially responsive activities because, by doing so, the corporate world may forestall governmental intervention in the form of new legislation and regulation.

Finally, some suggest that businesses should assume social responsibilities because they are among the few private entities that have tremendous financial the resources to do so. They should therefore utilize some of their human and financial capital in order to "make" the world a better place. Being a moral issue, it remains a difficult nut to crack – whether profit maximization is the paramount objective of businesses.

4. Corporate Social Responsibility at the Global Level

“The world is no longer a compartmentalised globe, but a communal village”

Background

Although the impacts of businesses are easily observed at individual entrepreneur, firm and national levels, there have been initiatives to upscale ethical business practices to the global or international level. Today like never before business investments have defied territorial boundaries as foreign companies invest around the world through various approaches including multi-lateral and bilateral agreements, and foreign direct investments. As such international order and harmony among nations engaged in businesses partnerships needs to be upheld. The UN Global Compact³⁶ is the CSR response or initiative to this need. The UN Global Compact encompasses initiatives at the global level for corporations to work together in the interests of global citizenship to enhance human well-being based on 10 principles, in the areas of human rights, labour relations, the environment and anti-corruption. These ten principles enjoy universal consensus and are derived from the following instruments among others:

1. The Universal Declaration of Human Rights³⁷
2. The International Labour Organization's Declaration on Fundamental Principles and Rights at Work³⁸
3. The Rio Declaration on Environment and Development³⁹
4. The United Nations Convention against Corruption⁴⁰

The UN Global Compact requires companies to embrace, support and enact, within their sphere of influence, a set of core values in

³⁶ <http://www.unglobalcompact.org>

³⁷ <http://www.un.org/en/universal-declaration-human-rights/>

³⁸ <https://www.ilo.org/declaration/lang--en/index.htm>

³⁹ http://www.unesco.org/education/pdf/RIO_E.PDF

⁴⁰ <https://www.unodc.org/unodc/en/corruption/uncac.html>

the areas of human rights, labour standards, the environment and anti-corruption as outlined in the principles below:

The first two principles are derived from the Universal Declaration of Human Rights, thus:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Business should make sure that they are not complicit in human rights abuses

The labour principles are derived from the ILO declaration on fundamental principles and rights at work (1998), thus:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Elimination of all forms of forced and compulsory labour;
5. Effective abolition of child labour; and
6. Elimination of discrimination in respect of employment and occupation.

The environment principles are derived from the Rio Declaration on Environment and Development, thus:

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

The Anti-Corruption principle is derived from the United Nations Convention against Corruption.

10. Businesses should work against corruption in all its forms, including extortion and bribery

According to the UN Global Compact Leaders' Summit (24th June 2004)⁴¹, there are a number of key reasons why businesses should combat corruption⁴² in all its forms.

1. **The ethical case:** Corruption is inherently wrong. It is a misuse of power and position and has a disproportionate impact on the poor and disadvantaged in society. It undermines the integrity of everybody involved and

⁴¹ <https://www.unglobalcompact.org/about>

⁴² Transparency International regularly publishes the corruption status of nations around the world. About Kenya's performance, visit (<https://tikenya.org/>)

damages the fabric of the organizations to which they belong. The reality that laws making corrupt practices criminal may not always be enforced is no justification for accepting corrupt practices. *To fight corruption in all its forms is simply the right thing to do. This is the essence of responsible and accountable leadership.*

2. **The business case:** All companies, large and small, are vulnerable and the potential for damage to them is considerable if they engage in corrupt practices. Corporations blacklisted in one country are having trouble winning contracts elsewhere in the world.
3. **Legal risks and Sanctions thereto:** Regardless of what form a corrupt transaction may take, there are obvious legal risks involved because most forms of corruption are illegal regardless of where they occur, and their prosecution can cost a company and workers heavily.
4. **Reputation risks:** Companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude to compliance with laws, are exposed to serious risks to reputation. *As the old adage goes, "A good name is better than much Gold".*
5. **Financial costs:** Evidence suggests that in many countries corruption adds upwards of 10% to the cost of doing business and that corruption adds as much as 25% to the cost of *public procurement*. This undermines business performance and diverts public resources from legitimate to low impact development initiatives.
6. **'Known as clean' and repeat demands:** There is growing evidence that a company is less likely to be under pressure to pay bribes if it has not done so in the past. Once a bribe is paid, repeat demands are possible and the amounts demanded are likely to rise. Conversely a company which takes a firm and principled stand against all forms of corruption will become known for this and the risk of its employees being exposed to demands will lessen. Once

corrupted, it becomes difficult to reclaim one's name/image. 'Zero tolerance to corruption is the only practical solution'.

7. **Blackmail, no recourse and security risks:** By engaging in corrupt practices, company managers expose themselves to blackmail. Consequently, the security of staff, plant and other assets are put at risk.
8. **'The one who cheats will be cheated against':** If a company engages in or tolerates corrupt practice, it will soon be widely known, both internally and externally. Unethical behaviour erodes staff loyalty to the company and it can be difficult for staff to see why high standards should be applied within a company when it does not apply in the company's external relations. Internal trust and confidence is then eroded.
9. **Companies have vested interests in sustainable social, economic and environmental development:** Evidence abounds to suggest that corruption has played a major part in undermining the world's social, economic and environmental development. Resources have been diverted to improper use and the quality of services and materials used for development seriously compromised. The impact on poorer communities struggling to improve their lives has been devastating, in many cases undermining the very fabric of society. When potential customers are impoverished, the future of the company in terms of sales and continuity is jeopardized.

Other critical issues in UN Global Citizenship

1. **Business and Peace:** Lack of a predictable political and economic framework and violence disrupt production and supply lines, increase operating costs and delays business activities. For companies of all sizes, being operational in "conflict-prone", "weak" or "post-conflict" countries poses a number of dilemmas and challenges with no easy answers. The UN Global Compact provides a dynamic forum, bringing together all stakeholders in society to enhance the capacity of companies to make a positive contribution to peace and development.

2. **Business for Development:** The UN Global Compact asks companies to internalize the ten principles in their business strategy and operations, and take action and engage in partnerships to advance sustainable development goals.
3. **UN-Business Partnerships:** The Global Compact contributes to the development of UN policies and practices in the area of business partnerships by developing the Secretary-General's Reports to the General Assembly under the item "Towards Global Partnerships".
4. **Supply Chain Sustainability:** The Global Compact encourages signatories to engage with their suppliers and develop and embed more sustainable supply chain practices.

The Essence of the Universal Declaration on Human Rights:

1. **Equality:** The basic premise is that: "**All human beings are born free and equal in dignity and rights.**" The Declaration prohibits any distinction/inequality in the enjoyment of human rights on such grounds as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Challenges to this exist due to different cultural orientations across nations, including the threat imposed by liberal values.
2. **Life and Security:** The rights to life, liberty and security, and the right to be free from slavery servitude, torture or cruel, inhuman or degrading treatment or punishment further develop the notion of personal dignity and security. This dimension may pose challenges to the threat of global terrorism.
3. **Personal Freedom:** Rights protecting a person's privacy in matters relating to family, home, correspondence, reputation and honour and freedom of movement are all part of the Universal Declaration. The right to seek asylum, to a nationality, to marry and establish a family and the right to own property are also proclaimed by the Declaration. Freedom of thought, conscience and religion and freedom of

opinion and expression are set out along with the right of peaceful assembly and association and the right to take part in government. Rights without responsibility can however be counter-productive.

4. **Economic, Social and Cultural Freedoms:** The declaration proclaims the right to social security and to the economic, social and cultural right indispensable to human dignity and the free development of each individual's personality. These rights are to be realised through national efforts and international co-operation in accordance with conditions in each state. These rights include: the right to work, equal pay for equal work⁴³; and just and favourable remuneration that accords the worker and dependents dignity; the right to form and join trade unions, the right to rest and leisure, reasonable limitations on working hours and periodic holidays with pay. The right to a standard of living adequate for health and well-being, including food, clothing, housing, medical care, and to social services and security, if necessary, are also proclaimed as are the rights to education, and to participate in the cultural life of the community, and to the protection of the moral and material interests resulting from any scientific, literary or artistic production.

The bill of rights in Kenya's 2010 constitution appears to have borrowed heavily from these UN Declarations. Responsibility is however measured by fidelity to the same obligations, which appears to be the opposite in Kenya, particularly when it comes to the fight against corruption. Institutionalised corruption undermines both corporate and social responsibility.

Discussion Forum	
i.	Navigate through Auditor General, Controller of Budgets and Transparency International Reports and tease out the corruption status of Kenya.
ii.	Compare and contrast Kenya's 2010 constitution with the UN global compact principles

⁴³ Disparities in this aspect continue to cause industrial actions across businesses and in service agencies around the world.

5. Overview of Business Disasters & Injustices

“While natural disasters may not be prevented, anthropogenic disasters can be prevented through human ingenuity”

Background

Although workers are critical in industrial and business development, their work environment only receives a shot in the back when industrial actions are threatened. Cases of workers operating without sufficient protection gear and medical insurance are rampant. While labour laws provide for these necessities, actual implementation is undermined by poor monitoring and enforcement practices by relevant authorities. For having no choice workers expose themselves to all manner of risks at the work place. This chapter explores the possible relationship between business disasters and injustices with lack of or poorly implemented corporate social responsibility. The hypothesis is made that the myriad cases of environmental degradation and pollution in Kenya, injustices experienced by the citizens when it comes to accessing and benefiting from essential services and the worrying trend of graduate youth unemployment are due to both corporate and intellectual irresponsibility. These twin challenges are nurtured by institutionalised poor political governance. The following sections briefly describe how selected businesses and public services undermine environmental integrity and social welfare.

The Food Security Framework

There is no doubt on the truism that “availability of quality and adequate food within and between generations” in a nation is a key indicator of sustainable development. Agriculture is however a key driver of environmental change. Without appropriate technology practiced within a culture of environmental stewardship, negative impacts often occur at all stages of a typical food security framework (Figure 5.1).

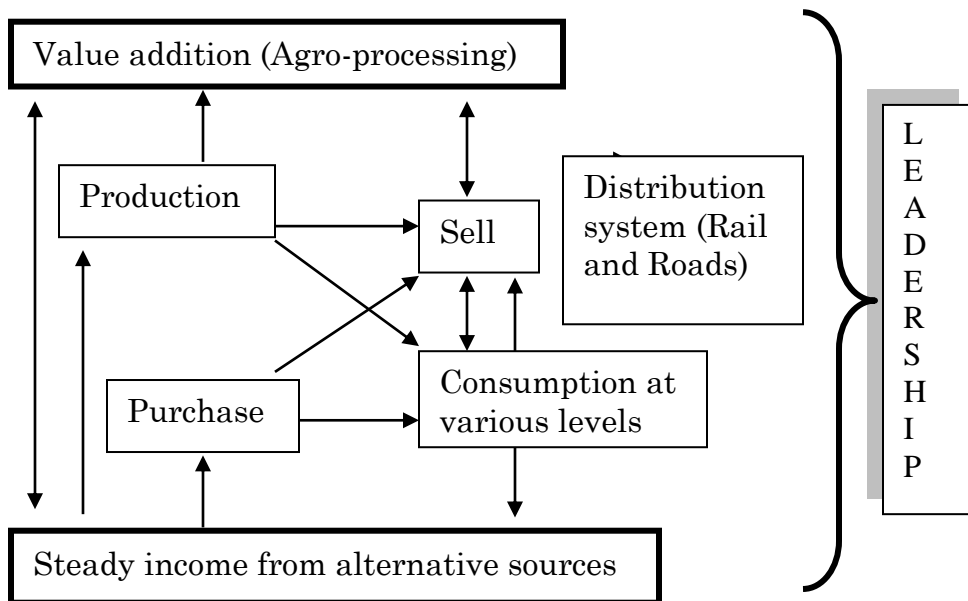


Figure 5.1. The sustainable food security conceptual framework (Source: Waswa, 2018)

Production stage must start with land clearing and tillage, which results in inevitable loss of biodiversity. Monoculture plantation farming is particularly a major cause of such environmental loss. The use of agrochemicals and especially the persistent organic pollutants (POPs) can have severe impacts on water, land and air. Processing and value-addition puts pressure on other resources while at the same time generating wastes. Food losses along the production and processing pathway, and food wastage at the dining table are equally global concerns. While agriculture is a necessary evil, it must be designed for the environment (DfE). The idea of making it environment and people friendly stands to benefit if CSR is mainstreamed through commodity life cycles. Some examples of agricultural practices in the context of CSR concerns are the subject of the proceeding section.

Sugarcane Processing

Currently, sugarcane can be considered the single most important cash crop extensively grown within the Lake Victoria basin of Kenya, impacting directly the livelihoods of the second and third largest people groups in the country. Although its introduction was generally expected to alleviate poverty by expanding farmer

income possibilities, statistics and observations indicate that poverty in this region remains endemic. For instance, Nyanza and western provinces of Kenya have among the highest levels of income poverty and the lowest human development indices in the country (Republic of Kenya 1999 and SID 2004). As such, commercial sugarcane farming appears to have had little positive impact on household livelihoods, despite the ecological suitability of this region for sugarcane farming (Jaetzold and Schmidt 1983). Further, with poverty still a serious problem in the country more than 40 years since independence, other approaches and strategies like corporate social responsibility (CSR) could be used to help the country address this problem. Mainstreaming CSR in monopolistic statutory and private firms' operations has potential to add value in the pursuit of equity and poverty elimination, a goal that is also captured within the social pillar of Kenya's Vision 2030 (Government of Kenya 2007). This paper discusses this possibility based on findings from sugarcane farmers contracted to supply the Nzoia sugar company in western Kenya.

Research done by waswa *et al.*, (2009) indicated that although contract sugarcane farming is the most dominant and popular cash crop among farmers in Nzoia and Mumias Sugarbelts, the intended goal of increasing farmers' incomes seems to have failed. With a mean monthly income of Kenya Shillings 723 (US \$10) from a land area of about 0.38 hectares, it would be difficult for a household of eight family members to meet their basic needs and lead a decent life. The main depressors of net income were tillage, seedcane, and transportation costs, all of which were determined by the company with no input from farmers. In another study results from Lurambi, Koyonzo and Chemelil showed that on average sugarcane farmers retained only 32%, 31% and 34% respectively of the gross income from sugarcane farming, while the millers retained at least 60%. This disparity speaks volumes on the social injustices farmers are subjected to.

Netondo *et al.*, 2010 also observed that commercial sugarcane farming contributes to significant loss of biodiversity by virtue of its monoculture nature. While they recommended crop diversification as possible counter measure, adoption of the same would meet resistance given the popularity of the crop. Waswa and Netondo (2014) have suggested the need to practice commercial sugarcane

farming from an ethical point of view that would require milers and out grower farmers to ensure that at least 10% of their total land area is under tree cover. NEMA and KFS can ensure that this prescription is observed for the greater national interest. This dimension further emphasises the need to have CSR as a legal requirement.

Juice Processing – Delmonte, Kenya

Del Monte Kenya is estimated to own about 10,000⁴⁴ acres of land largely under pineapple production. Being a monoculture plantation system, the loss of biodiversity that has occurred from inception to date cannot be overemphasised. The company employs approximately 6,000 workers distributed across permanent staff, seasonal workers and casual labourers. The workers' welfares have been however an issue of concern for many years (Kamunda, 2019). Media has in the past reported cases where company security guards have unleashed dogs on civilians accused of trespassing and or stealing the fruits.

The company has in the past (1990s) experienced labour disputes that generated negative publicity and had received the attention of human rights groups. Complaints included workers not being allowed to join trade unions, union leaders were not allowed to communicate with workers, the company routinely threatened shop stewards with termination, the company did not have a safety plan in the event of an emergency, did not make first aid kits available to employees, did not provide ear protection to workers in high decibel environments and did not provide gas masks to employees using chemical sprays⁴⁵ With the growing vigilance of media in Kenya, it is plausible to state that "the hue and cry over human rights violations that rocked Del Monte Kenya have been largely addressed.

Currently the company has been at the centre of an ongoing tussle with the local community and County government in a land ownership row with the local community, which wants ancestral land back. With land leases having been reduced from 999 years

⁴⁴ Currently surrounding communities are agitating for non renewal of the land lease or at least renegotiate this supposed historical land grab

⁴⁵https://en.wikipedia.org/wiki/Del_Monte_Kenya#History (Accessed on 29th July 2019).

to 99 years, the County government has equally been demanding a big say in the future of the land. All these challenges are a reflection of wanting CSR policies and practices. With dialogue however most of these bottlenecks in business growth and performance that Del Monte and similar agro-processing industries are not immune to can be addressed for the greater environmental and social good; and ultimately the survivability and sustainability of the firms.

Dominion Farm Project, Yala

This investment by an American company was allocated parts of the Yala wetland and transformed it into an agricultural success that was associated with rice production and employment opportunities for the locals. Soon controversy set in from accusations of land grab, social injustices, environmental losses and politics⁴⁶. Having done business for about 15 years, the multi-billion farming project at Yala in Siaya County did come to a sad end. In essence however a pro-active environment and people-centred CSR policy would have most likely saved the situation.

Cut Flowers for Leisure

The floriculture industry thrives on the leisure and hospitality export market. In Kenya most cut flowers are produced in green house under intensive use of agrochemicals especially pesticides. The negative environmental, social and economic impacts manifest in a myriad of ways such as water pollution, land degradation, excessive use of fresh water, land use conflicts pitting flower firms and local communities, and emissions from fossil fuel during transportation among others. Some estimates account that one hectare of a flower farm consumes over 900 cubic meters of water per month (Sullivan, 2017). Till the recent past, flower firms in Kenya and in particular Naivasha area were in the media for all wrong reasons including under paying workers, workers handling flowers without protective gear and pollution of water sources. Acceptance of CSR philosophy has brought some much needed tranquillity. But much can still be achieved based on best practices elsewhere.

⁴⁶ <https://www.business-humanrights.org/en/kenya-agricultural-companys-impacts-on-communities-workers-in-yala-swamp> (Accessed on 29th July 2019)

Domestic and Industrial Effluent

Whereas industrial-based businesses are more responsible for toxic effluent that finds itself in river systems, small and medium size business littered in almost all townships are responsible for solid waste accumulation, and in particular plastic bags. The Nairobi River for instance is a sewage system due to being the choice recipient of raw effluent from homes and business entities in its catchment areas. This environmental disaster was best captured in the series called *Garbage Rivers*⁴⁷. While all domestic and industrial effluent ends up at the *Ruai* treatment plant, what is finally further discharged in the lower system of the same river is secondary effluent that falls short of quality expectations. Studies in 2006 showed that this water, which is used by communities for both domestic and irrigation agriculture is laden with heavy metals, pathogens and other ionic pollutants⁴⁸. The situation can only be worse today given the level of industrial and business growth, coupled with demand for good from the exploding population. That industrial and domestic effluent meet at this treatment plant communicates some form of planning irresponsibility given that technology to treat and dispose each kind separately already exists. That this scenario is replicated across most towns in Kenya communicates development planning that prioritizes frontier economics to resources use stewardship and industrial ecology.

Solid wastes and in particular plastic bags have been challenges the Kenya government is just starting to overcome. For not willing to impose the ban in good time, when other nations like Rwanda had done it and achieved tremendous environmental performance, plastic menace has contributed to serious environmental loss as exemplified by loss of environmental aesthetics, clogging of drainage systems, and chocking our rivers and oceans among others. The cost of cleaning the environment and the political consequences of costs on businesses appear to be the main factors causing inertia when it comes to pro-active and consistent implementation of environmental recovery measures. The National Environment Management Authority (NEMA) though empowered by law appears more like a toothless dog if evidence of the above

⁴⁷ <https://www.standardmedia.co.ke/article/2001258912/garbage-disposal-into-nairobi-river-killing-city-residents-says-study> (Accessed July 2019).

⁴⁸ <https://www.researchgate.net/publication/226570383> (Accessed July 2019)

mentioned environmental losses including others like noise pollution is considered.

Although pollution has been with us for a long time, it became a major global problem at the inception of the industrial revolution. Without consistent prevention and control measures, effluent-based environment pollution will become a serious environmental challenge as the variety of pollutants and their toxicity continue to increase. For a long time, streams, rivers, oceans and the underground earth system have been conventional sinks for all types of industrial effluent, including hazard wastes. When the biophysical environment can no longer process and neutralize harmful by-products and wastes from anthropogenic activities, pollution would have reached its peak. The negative effects touch on the health of all living forms, quality and health of the lithosphere, hydrosphere and atmosphere. Ultimately the socio-economic and political repercussions can be severe. Many pollutants such as pesticides, hydrocarbons, heavy metals as well as thermal and radioactive pollutants are released into the environment directly or indirectly from industries, agriculture and households (Fathi *et al.*, 2008). Persistent organic pollutants⁴⁹ and radioactive wastes are particularly lethal and need to be pro-actively managed according to best practices. Persistent organic pollutants (POPs) are a group of chemicals possessing the following key characteristics:

1. they can last for many years in the environment before degrading into less dangerous forms, hence their **persistence**
2. they bio-accumulate in the food chain, hence their **organic** nature
3. are highly toxic to humans and wildlife, hence their **pollutant** (toxic or harmfulness) designation
4. they are transported over large distances through air and water and can be found worldwide (**long-range transport**).

A good number of these POPs are pesticides, while others have their origin in industrial processes. The initial 12 POPS were listed

⁴⁹ <https://www.unenvironment.org/explore-topics/chemicals-waste/what-we-do/persistent-organic-pollutants/why-do-persistent-organic>

as Aldrin, Chlordane, Dichlorodiphenyltrichloroethane (DDT⁵⁰), Dieldrin, Dioxins, Endrin, Furans, Heptachlor, Hexachlorobenzene, Mirex, Polychlorinated Biphenyls (PCBs) and Toxaphene. The production and use of these initial 12 is prohibited around the world. New inclusions are often a product of international environmental dialogue and negotiations. Management of agricultural and industrial effluent is therefore of vital importance, particularly in developing countries where control is often very poor or non-existent. Appropriate sewage treatment starts with good control of industrial effluents. Non-existent control could mean an inability to treat even domestic effluent. In Kenya's urban systems, domestic sewage and industrial effluent end up at treatment plants as one combined flow. This exposes downstream users to serious health risks. The Ruai treatment plant that serves Nairobi operates along this model as illustrated in Figure 5.2.

Screening of solids starts by larger to smaller solids at the inception physical clarification stage. Adequate holding time is allowed in each category and series of digesters. At the Ruai treatment plant, which serves the entire Nairobi city and environ, 10 days are allowed in the anaerobic ponds and 35 days in the facultative ponds, and for the last 3 maturation ponds 5 days are allowed in each, hence 15 in total. Greenish secondary effluent is indicative of the presence of algae, implying that treatment (digestion) was complete. For such no foul smell is sensed. Bad smell is however indicative of incomplete digestion. When secondary effluent is pink or reddish in colour, the level of heavy metals could be high, which is indicative high chemicals pollution in industrial effluent. The presence of foam on the other hand is indicative of phosphates and sulphur, whose source could be cleaning operations in domestic and commercial activities

⁵⁰ To date no chemical as effective on mosquitoes as DDT has been developed. Not to use DDT in tropical countries where malaria remains a major killer is an ethical dilemma.

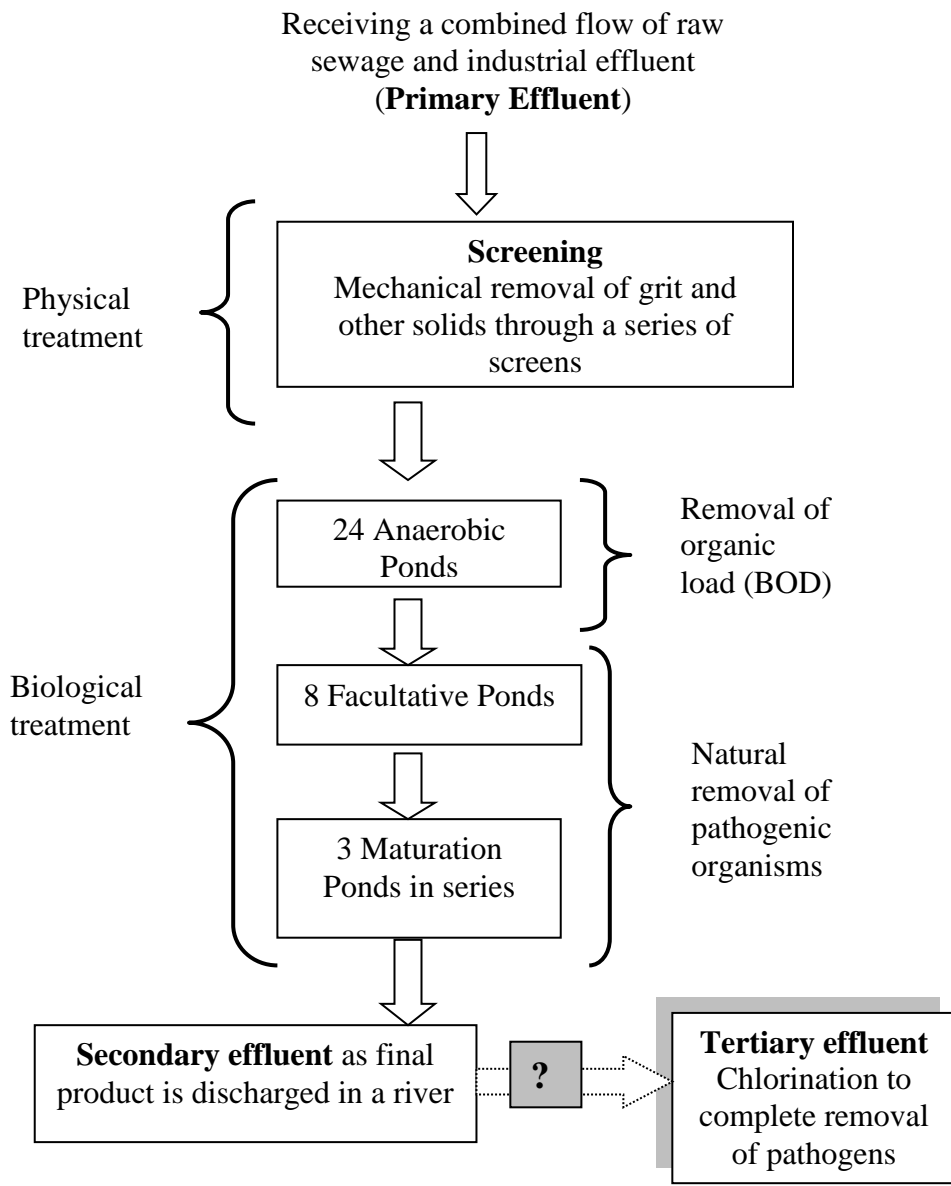


Figure 5.2. Effluent flow at Ruai treatment plant in Nairobi, Kenya (The ? mark indicates a stage that is not done yet merits serious consideration)

Excessive chemical and microbial pollution from domestic waste water, commercial waste water, industrial waste water and storm water is indicative of corporate irresponsibility in business practices in the catchment areas. A major gap in the treatment

process is the failure of the Ruai system to extend the treatment to tertiary effluent⁵¹.

Having spent colossal sums of money to clean treat approximately 60-70,000 CM of waste water, the same as secondary effluent is discharged into the Nairobi river and lost when it could have been reclaimed for irrigation agriculture like is the case in Israel.

Public Transport

The public transport sector commonly called “matatu” is known for noise pollution, violation of traffic rules and passenger rights, and causing avoidable accidents. The now popular motor bike transport called “*boda boda*” generally operates without following laid down rules. This business has been associated with many injuries including deaths to passengers. Ferry disaster in Mombasa too should call the nation to the necessity of verifiable CSR in all business and service delivery sectors. With the National Transport and Safety Authority (NTSA) in place, it is hoped that things will keep improving and orderly and safe transport will begin to be a culture in Kenya.

Wildlife Parks, Reserves, Conservancies

The frequency of human-wildlife conflicts in Kenya is not new. The fight over pastures during the dry seasons pitting conservancy owners and the Masai community herders has often ended tragically. According to Kenya Wildlife service, areas that have experienced increased incidence of human wildlife conflict in recent weeks are in *Narok, Taita Taveta, Laikipia, Kajiado, Meru, Mau, Marsabit, Lamu* and the *Mt. Kenya* region⁵². Poaching and trading in animal products and conflicts over the sharing of revenue generated from wildlife attractions also points to dissatisfactions when it comes to economic, environmental and social benefits accessed by various stakeholders. All these cases point to the need to look into CSR policies of these land use systems.

⁵¹ This requires a series of filtration tanks and then pathogen elimination using chlorine. Kenya can benefit from best practices in this regard exist elsewhere at minimum cost.

⁵² <https://www.kws.go.ke/content/alert-increased-incidences-human-wildlife-conflict-0> (accessed July 2019)

Medical Profiteerism and Tourism

Medical malpractices are the new and worrying trend of irresponsibility, where greed has placed money above saving lives. Cases of patients dying and or being mishandled in public hospitals are on the rise, the presence of the Kenya Medical and Dentists Practitioners Board (KMDPB) notwithstanding. It is now public knowledge that for the love of money, doctors are referring patients to India at inflated costs when the same conditions can be handled locally. At a policy level, one example of social injustice is the disparity in contributions made to the National Health Insurance Fund (NHIF) as the nation endeavours to deliver universal health care (UHC). Provision of universal health care to citizens by scaling-up NHIF uptake is also among the big 4 agenda of the current government, others being affordable housing, enhancing manufacturing, and food and nutrition security (<http://www.president.go.ke/>). Reducing the burden of diseases and the cost of health care would of necessity also call for sustainable production and consumption patterns, including prevention of occupational health and safety risks as well as life style diseases. Overall equitable financing of health care as a right to be enjoyed by citizens irrespective of their income levels is a challenge Kenya like other developing nations must overcome. Traditionally four approaches have informed this task: taxation, private insurance, social insurance, and direct (/out of pocket) payments. Since income poverty has denied majority of the population quality health care from private service providers, investment in a public health insurance scheme coupled with prudent management and over-sighting of the same, stands out as the best pro-poor strategy that could deliver universal health care in record time.

Due to the high costs of medical care in the country, an increasing number of middle level Kenyans are seeking medical services in India, particularly when it comes to life threatening diseases like cancer. This trend in itself suggests that affordability of health care in Kenya is getting out of reach for most people. India has become the place of choice because it is widely assumed that medical services there are cheaper and better. However, India's health financing system is also associated with challenges of health inequity, inadequate availability and reach, unequal access, and poor-quality and costly health-care services (Kumar *et al.*, 2011).

As is the case in Kenya, ordinary citizens receive low value for money in the public health facilities, while private health facilities are far too expensive for them. Most ordinary public servants who are covered with health insurance have often exhausted their limits and resorted to private fund raising to meet the extra medical costs. Like India, the government of Kenya will need to introduce specific methods to contain costs, improve the efficiency of spending, increase accountability, and monitor the effect of expenditures on health.

Such challenge of cost and coverage of health care was also the driver for the enactment of the Patient Protection and Affordable Care Act (PPACA) 2010 also called the Obama-Care Health Insurance in the USA. Essentially health care seems to be affordable by the few economic and political elites, while the ordinary resource-poor citizens have to accept that health challenges often are a pointer to impoverishment and even death. If the majority low earning citizens are to be accorded health care by government, subsidies for them is important. The same should be practically mainstreamed in government strategies. To realise UHC thus calls for sustainable financing strategies, which must be hinged upon some people-centred and ideology of equitable health policy. This is perhaps best exemplified by the Cuban Socialist Constitution where health care is considered a human right, guaranteed to every citizen. Medical care, along with food, clothing, housing and education, is of the highest priority. By treating health care from a holistic perspective and implementing it as a constitutional right, Cuba has become a bench-marking nation when it comes to universal health care⁵³

Although a third-world country, Cuba's healthcare indicators match those of the developed countries. For instance, while 39 out of every 1000 children born in Kenya die before they are age 1, only about five such deaths occur in Cuba. Further, while 52 out of every 1000 children die before they reach age five in Kenya, only 8 out of 1000 die before age 5 in Cuba. The life expectancy of Cubans is higher than that of Kenyans by a margin of about 10 years⁵⁴. How Cuba has been able to attain high standards of health

⁵³ <https://www.radford.edu/~junnever/law/cuba.htm>

⁵⁴ <https://healthykenyans.co.ke/universal-health-coverage-learning-from-cuba/>

despite its limited resources is a lesson most developing nations need to learn. In 2018, the government of Kenya imported 100 doctors from Cuba in its efforts to strengthen the nation's healthcare system

On the contrary, Egypt with a history of socialism and lately economic liberalization appears to have not achieved much success in effectiveness, efficiency, and equity in health care (Gericke, 2005). This would mean that other factors beyond socialism are equally important when formulating a policy that could deliver UHC. Most European nations run their politics with a good measure of social safe-guards, which appear to have contributed significantly to most citizens enjoying appreciable health care. For leaning towards extreme capitalism, coupled with what may be called institutionalised corruption, the ability for Kenya to deliver UHC remains a moot issue, whose achievement may take a long time. Mobilization development financing through taxes is major way of raising revenue. Much of this revenue that could make significant contributions across development sectors, including UHC is however lost through corruption⁵⁵. Such behaviour undermines the funds ability of providing accessible, affordable, sustainable, equitable and quality social health insurance through optimal utilization of resources, to the satisfaction of stakeholders.

Based on the current rates fixed by the NHIF, the lowest income bracket of up to KES 5999 contributes 2.5% of their gross income to the fund. The next earners of KES 6000 to KES 39,999 contribute between 2.53% - 4.29% of their income to the fund. Earners from KES 40,000 to KES 99,999 contribute from 2.53% – 1.68%. The last category of high earners (i.e. from 100,000 and above) contributes 1.13% in descending order of their increasing income thus creating a skew in favour of the high earners (Table 5.1).

⁵⁵ As recent as November 2018, the National Health Insurance Fund (NHIF), which is supposed to deliver UHC has been embroiled in financial corruption to the tune of billions of Kenya shillings (<https://nairobi.news.nation.co.ke/news/nhif-bosses-arrested-corruption/>)

Table 5.1: NHIF Contributions – Standardized at 2.5%

B	C	D	E	F	G	I
Min Salary	Max Salary	Mid Value	NHIF rate	As % of Income	Std rate @ 2.5%	Cash lost (G-E)
5,999	5,999	5,999	150	2.5	150.00	0.00
6,000	7,999	6,999.5	300	4.29	174.99	-125.01
8000	11,999	9,999.5	400	4.00	249.99	-150.01
12,000	14,999	13,499.5	500	3.70	337.49	-162.51
15,000	19,999	17,499.5	600	3.43	437.49	-162.51
20,000	24,999	22,499.5	750	3.33	562.49	-187.51
25,000	29,999	27,499.5	850	3.09	687.49	-162.51
30,000	34,999	32,499.5	900	2.77	812.49	-87.51
35,000	39,999	37,499.5	950	2.53	937.49	-12.51
40,000	44,999	42,499.5	1000	2.35	1,062.49	62.49
45,000	49,999	47,499.5	1100	2.32	1,187.49	87.49
50,000	59,999	54,999.5	1200	2.18	1,374.99	174.99
60,000	69,999	64,999.5	1300	2.00	1,624.99	324.99
70,000	79,999	74,999.5	1400	1.87	1,874.99	474.99
80,000	89,999	84,999.5	1500	1.76	2,124.99	624.99
90,000	99,999	94,999.5	1600	1.68	2,374.99	774.99
100,000	199,999	149,999.5	1700	1.13	3,749.9	2,049.9
200,000	299,999	249,999.5	1700	0.68	6,249.9	4,549.9
300,000	399,999	349,999.5	1700	0.49	8,749.9	7,049.9
400,000	499,999	449,999.5	1700	0.38	11,249.9	9,549.9
500,000	599,999	549,999.5	1700	0.31	13,749.9	12,049.9
600,000	699,999	649,999.5	1700	0.26	16,249.9	14,549.9
700,000	799,999	749,999.5	1700	0.23	18,749.9	17,049.9
800,000	899,999	849,999.5	1700	0.20	21,249.9	19,549.9
900,000	999,999	949,999.5	1700	0.18	23,749.9	22,049.5
1,000,000	1,999,99	1,499,999	1700	0.11	37,499.9	35,799.9
2,000,000	2,999,99	2,499,999	1700	0.07	62,499.9	60,799.9

It is even worse for earners of at least one million Kenyan shillings, who contribute as low as only 0.11% of their income to the fund in descending order. The few and privileged elites who earn at least two million Kenya shillings contribute a paltry 0.07% of their gross income to the fund. This pattern demonstrates a flaw in public policy that appears to be punitive to the poor who are over-taxed

in order to subsidize the rich in accessing and enjoying health care services.

This skewed pattern that starts from 2.5% then rises to 4.29% and continuously declines as income levels increase (Figure 5.3) is a violation of social equity and justice and hence a reflection of social irresponsibility. Essentially, for preferring a general inverse model against a standardized approach the NHIF is losing revenue in the range of KES 62.5 to over KES 60,000 per month per capita depending on ones income. When these figures are multiplied by the actual number of people in the various income categories the cumulative amount of revenue lost per year is very significant. Thus, the vision of UHC is undermined by policy flaws whether by design or otherwise.

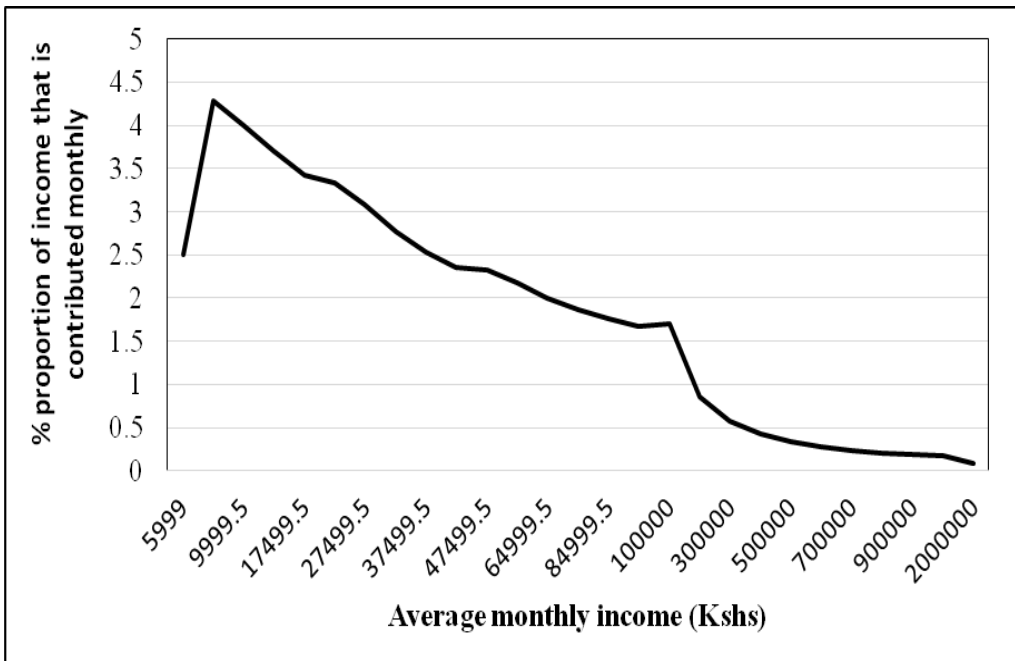


Figure 5.3: Percentage of monthly income contributed to NHIF

Regression analysis of NHIF statutory rates against income of contributors yielded a negative correlation with R^2 value of 0.46 (Figure 5.4). As such the more the income the less the contribution, meaning low income earners pay more towards the fund yet they generally tend to benefit less. This trend goes against the principle of equity as envisaged in the social pillar of Kenya's vision 2030;

thus a just and cohesive society enjoying equitable social development in a clean and secure environment (<https://vision2030.go.ke/>). Were the statutory contributions to be standardized at 2.5% (being the percentage contributed by the lowest income group), every earner would contribute proportionate to their income.

A clear logic of the higher the income the higher the contribution would hold with the rich (earners of at least KES 100,000) contributing substantially to the fund (Figure 5.5). At the moment, the NHIF is forfeiting huge sums of revenue represented by area (A) in figure 5.5. Further, the regression output between the contributed rate and income would then be a perfect one with R^2 value of 1 or 100% (Figure 5.6). Any standardized rate below or above 2.5% will also yield a perfect regression of R^2 of 100%. Raising the rate above 2.5% would only increase the tax burden and hurt the majority poor most. Lowering the standard rate to below 2.5% would lessen the overall tax burden and still allow a steady growth of the fund through the effects of economies of scale.

A standardized rate across all income levels bearing in mind the tax burden on the vulnerable supports the principle of equity 100% and nobody can claim to be paying more or less than another beneficiary of the fund. This principle is founded in the Judeo Mosaic law of the tithe⁵⁶.

⁵⁶ i.e. a tenth of the produce of the earth or one's earnings consecrated and set apart for special purposes – (<https://www.biblestudytools.com/dictionary/tithe/>)

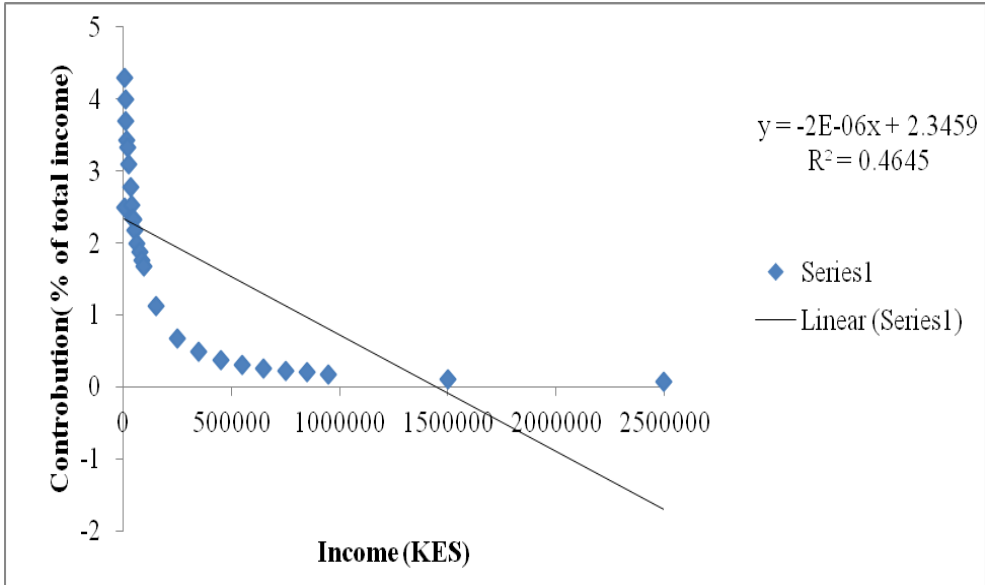


Figure 5.4. Correlation of NHIF rates and contributors' income

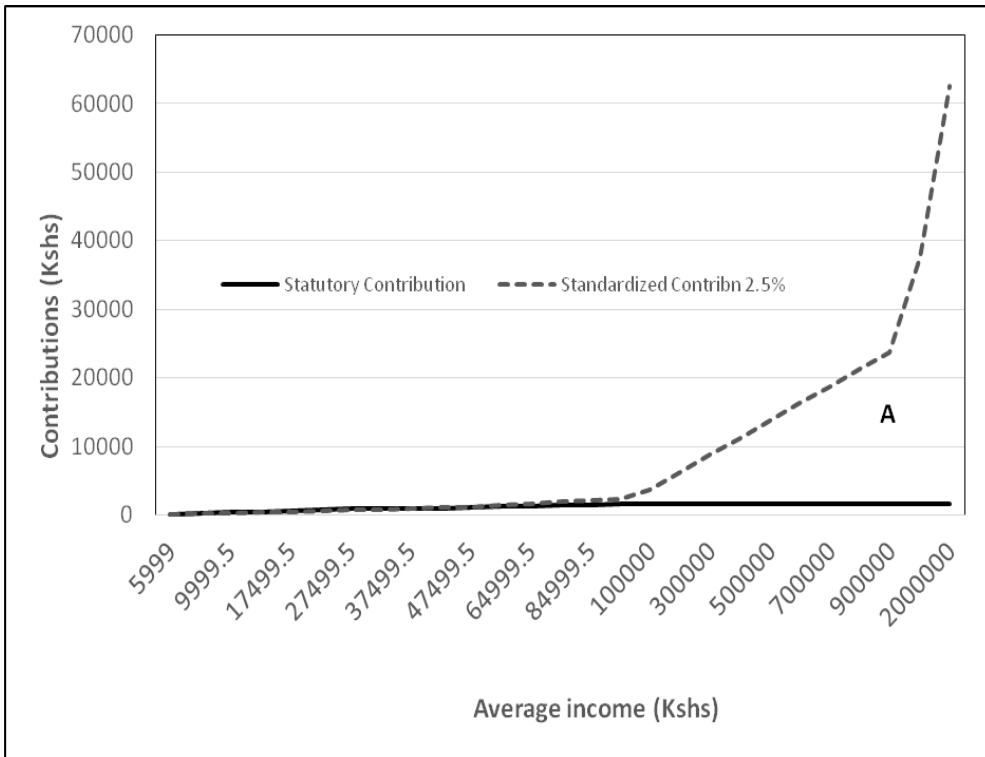


Figure 5.5 NHIF monthly contributions compared with rates standardized at 2.5% (KES)

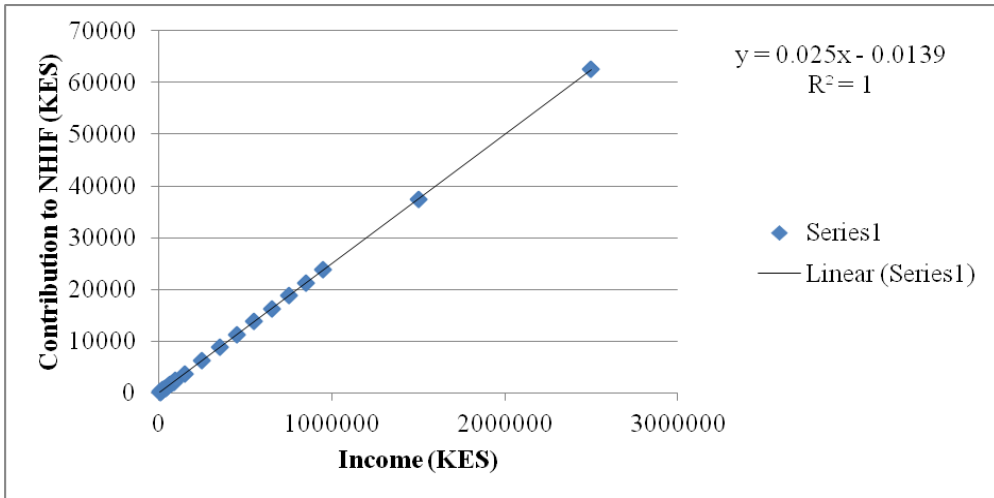


Figure 5.6. Standardized monthly contributions and income levels

Small and Medium Enterprises

There are between 365-445 million Small and medium enterprises or SMEs in emerging markets out of which 55-70 million are formal SMEs and 285-345 million are informal SMEs. These SMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies (Katua, 2014; Muritala *et al*, 2012). SMEs have long been accepted as the engines of economic growth and development and their impact in the global economy is very crucial in the making of a society which is free of poverty (Robu *et al*, 2011). According to Gallardo *et al* (2014) there are also other SMEs that make a positive contribution to sustainable development through provision of services like environmental conservation initiatives, waste management and reclamation and rehabilitation of denuded land. However, despite playing a vital role in the development of the economy, it is observed that SMEs do cause environmental pollution and create social injustices. For instance, UNIDO (2002) highlighted that small businesses' impact on communities and local ecosystems can be potent especially owing to their numbers globally. Although majority have failed to engage in environmental management practices, they are clearly an extremely significant sector that must be engaged in the environmental and social agenda if any real change is to occur globally.

There are various schools of thought that have been advanced as to why SMEs are not keen to incorporate environmental and social care in their operations and production processes compared to their larger counterparts. These arguments revolve around factors like attitudes and norms, the SME sizes, resource constraints, poor integration of environmental management activities into core business activities and a lack of exposure to public scrutiny where the general public perceives SMEs as actors that have a lower impact on the environment in comparison with larger industrial plants (Stokes *et al*, 2007). In Kenya for example, it has been noted that larger firms enjoy much attention from the government and other financiers at the expense of SMEs (Atieno, 2012). As such the smaller businesses continue being disengaged from interventions that have a bearing on both social and environmental agenda. Equally, it has also been argued that SMEs lack knowledge of the negative environmental imprints of their operations. This, coupled with their innate inclinations to resist or ignore government interventions (owing to their largely unregulated nature) makes them less likely to implement sound and meaningful environmental management systems. Additionally, most SME owner-managers believe that there is a cost associated with environmental management with no immediate commensurate economic benefits flowing back to their businesses (McKeiver *et al*, 2005).

A study conducted in the UK demonstrated that only 7% of SMEs believed that their activities were harmful to the environment while 41% of SMEs admitted that they had at least one potentially harmful activity (OECD, 2003b). This shows that a large proportion of SMEs tends to underestimate their environmental impacts. Likewise, most of these businesses, owing to their sizes and outreach, are mostly owner managed. Thus they are mostly resource challenged and tend to put more emphasis on personal choice and attitude when dealing with environmental and social issues. These SMEs also tend to be less equipped in terms of knowledge, skills, and resources to ensure environmental compliance.

SMEs in all sectors can have negative impacts on biodiversity especially in environmentally sensitive areas where they contribute to substantial habitat changes. For instance, the use of electronic equipment in production and communication is accompanied with challenges of disposing electronic wastes

occasioned by the lack of policy-centred waste disposal mechanisms. Consequently, much of these electronic wastes end up in poorly designed and managed landfills and in some cases undesignated open spaces. This build-up ends up causing costly environmental pollution (Stokes *et al*, 2007).

According to OECD (2002) the impact of manufacturing SMEs is largely acknowledged as they consume energy and natural resources, and generate waste and hence pollution. For instance, in Nairobi, the most populous parts of the city are also the most affected by waste pollution, and this is where you will find a lot of the SMEs, informal and formal, thriving. Most of these SMEs will rarely have waste management strategies, even for simple rubbish bins outside eateries and small kiosks. It is the small things that matter. The world over, agriculture is one of the key sectors where polluting SMEs are actively involved in water pollution and land contamination especially through intensive livestock farming and in acidification through excessive use of agricultural inputs. Equally, service sector SMEs in particular small scale gas stations and motor vehicle repair shops pose a risk of significant routine pollution or accidental releases. OECD (2003a) observed that smaller industrial installations in the Netherlands significantly raised environmental pressures (around 50%) for a number of pollutants, in particular for nitrogen and phosphorus, heavy metals and some pesticides, ozone depleting substances, and volatile organic compounds contributing to both hazardous and non-hazardous wastes. Hazardous waste can cause birth defects, various chronic illnesses and conditions, and eventual death.

Those SMEs dealing with plastic bags and related products continue to inflict environmental damage on land, air and sea especially with improper disposal of these plastics whether at the SME level or at the consumer levels. Those animals that eat these plastics, because they are unable to digest them, develop infections and blockages in their digestive systems and die. On the use of bio-fuels, the WHO estimates that 4.2 million deaths occur every year because of exposure to ambient (outdoor) air pollution with 3.8 million deaths annually as a result of household exposure to smoke from dirty cook stoves and fuel (WHO,2007). In Kenya, as it is in other developing countries, there are substantial SMEs in the

food industry that use charcoal and firewood as the main source of cooking fuel, and this exposes them to indoor air pollution.

On the social front, SMEs are known to have a huge potential to create long lasting social value especially because their business models, products and proximity caters for the everyday needs of the larger part of our population and as such should strive to improve the overall quality of life for the producers and consumers of their products. However, SMEs have also been noted to contribute to social injustices, with issues pertaining to the business world that have been raised largely revolving around occupational health and safety, consumer safety, child labour, mission drift, a dwindling inclination to corporate social responsibility among others. The world over, there have been both documented and undocumented reports especially in unregulated business environments where workers work in unsafe factories with blocked fire exits, others work without protective gear in hazardous environments, others have underage children doing dangerous jobs that endanger their health and lives. Bielefeld (2009) opined that abusive workplace practices are considered by many to be one of the most serious categories of social problems in business, and are a major challenge to businesses that want to conduct themselves with greater social responsibility.

It has also been noted, especially in the developing world, that SMEs, in order to survive in business, sometimes flood markets with cheap and unsafe products and services which in the long run completely ruin the SME brand image and its value. This raises the mortality rates of most of these SMEs, with a good number dying out before crossing their five-year threshold. The massive redundancy of workers caused cannot be overemphasised. On mission drift, Christopher (2014) noted that some SMEs especially those on credit advancing and financial deepening are more concerned about breadth of outreach at the expense of the depth of outreach. Essentially, these SMEs are concerned with the number of customers that they bring on board coupled with the amount of finances advanced to them and the amount of surplus and profits received from these clients. This comes at the expense of the evaluation of the meaningful impact that those funds make in their clients' lives and those of their respective households. The ultimate outcome has often been clients being caught up in a web of

hopelessness and vulnerability once credit collaterals are seized to offset exorbitant loans.

In business; there are also entrepreneurs who choose maximizing sales over reputation and business ethics. By operating without a conscience, they show no concern for the environment or for the health of the community where they are located or of their target consumers. For instance, the small scale poultry farming in Kenya has been noted to have unscrupulous businessmen who routinely give unnecessary antibiotics and other supplements to the poultry to keep them healthy despite the crowded and often dirty conditions in which they live. This wide and unchecked use of antibiotics allows bacteria resistant to antibiotics to grow. When humans contract illnesses from consuming these chicken and chicken products, antibiotics prescribed may not relieve the illnesses (WHO, 2007). The hustlers in this business also slaughter the chickens in full view of other chickens and without little regard to the psychological effect on children accompanying their clients. Dumping of feathers and other organic remains has been a cause of pollution around several peri-urban settlements in Kenya.

When an SME controls environmental pollution and works toward social justice it enhances its environmental and non-environmental benefits, which includes improving its brand image, widening its customer base, becoming more competitive, reducing its level of resource wastage, enhancing access to capital from environment-sensitive investors and ultimately becoming sustainable (Rocsana, 2015). Additionally, Augsburger *et al*, (2010) observed that recognizing social issues in business is key in adopting CSR policies and practices that can help lead to a cleaner, safer world and contribute to minimizing undesirable societal impacts. Some of the ways an SME can adopt and try to protect the environment are through adoption of sustainable cleaner production technologies, use of recyclable materials and analysing internal business processes so as to adopt those that reduce the ecological footprint and cut on expenses.

It is however paramount to note that all business operations depend on the prevailing physical and socio-political and economic environment. Laxity in monitoring and enforcement of standards by relevant agencies is yet another example of

corporate irresponsibility. As such, all businesses around the world should be proactive in finding ways to reduce their negative environmental impacts because regardless of how small the initiative, it can have huge positive impacts on the larger environment, and influence others to protect the environment and contribute to social justice (OECD,2017).

Overview of selected Industrial and Business Disasters

Based on Kenya's Vision 2030, industrialization is a major objective of Kenya's development agenda for the next about 10 years. Industries are however sometimes associated with disasters, which could have serious negative impacts on the environment and people. Industrial/business disasters could be either by accident, negligence or incompetence. The last two causes would be indicative of business irresponsibility and perhaps lack of a robust CSR policy in the firm. Regardless of the cause, the damage, injury or loss of life can be significant. Kenya too has had a share of serious disasters, but whether lessons to prevent them from re-occurring have been learnt or not remain a moot issue. Operating within a practical CSR policy can however help prevent and or reduce the negative impacts of disasters. Examples of disasters⁵⁷ for purposes of reflective planning are outlined below:

1. *1917: Halifax explosion in Canada.* A ship loaded with about 9000 tons of high explosives destined for France caught fire as a result of a collision in Halifax harbour, and exploded. The explosion killed about 2000 people and injured about 9000 others.
2. *1984: In Bhopal, Madhya Pradesh, India,* a faulty tank containing poisonous methyl isocyanate leaked on the intervening night of December 2-3 at the Union Carbide India Limited (UCIL) pesticide plant. The instantaneous death toll was 2,259 and the Madhya Pradesh government confirmed 3,787 deaths as connected to the tragedy.
3. *1986: Chernobyl disaster.* At the Chernobyl nuclear power plant in Prypiat, Ukraine a test on reactor number four went out of control, resulting in a nuclear meltdown. The ensuing steam explosion and fire killed up to 50 people with estimates that there may be between 4,000 and several hundred thousand additional cancer deaths over time.

⁵⁷ https://en.wikipedia.org/wiki/List_of_industrial_disasters

4. 1989: The Exxon Valdez oil spill took place in Prince William Sound, Alaska, on March 24, 1989, when an oil tanker, the Exxon Valdez bound for Long Beach, California, US smacked Bligh Reef in Prince William Sound and trickled 260,000 to 750,000 barrels of crude oil. As a result, 100,000 to 250,000 seabirds were killed.
5. 2000: The Enschede fireworks disaster at the SE Fireworks depot on May 13, 2000 in Enschede, the eastern city of Dutch killed 23 people, injured 947 people, destroyed 40 hectares around the warehouse, damaging 1500 homes and leaving 1250 people homeless.
6. 2005: *Texas City Refinery explosion*. An explosion at a Petroleum refinery in Texas City, Texas, processing 433,000 barrels of crude oil per day and accounting for 3% of that nation's gasoline supply, killed 15 people and injured over 100 others.
7. 2009: The fire disaster at the Nakumatt Supermarket, in Nairobi killed 14 people. Security guards were reported to have pulled down the grill barriers on exits to prevent theft of goods, and in the process trapping shoppers to their deaths.
8. 2011. The Nairobi pipeline fire caused by an explosion secondary to a fuel spill in killed approximately 100 people while at least 116 others were hospitalized with varying degrees of burns.
9. 2012: Karachi, Pakistan, 289 people died in a fire at the Ali Enterprises garment factory, which made ready-to-wear clothing for Western export.
10. 2013: An eight-story factory building collapsed on the outskirts of Dhaka, the capital of Bangladesh, and killed 1129 workers manufacturing clothing for the western market.
11. 2014: About 301 miners trapped about 2 km below the surface died of carbon monoxide poisoning following an explosion in the Soma mine in Manisa province in Turkey.
12. 2015: KTN *Jicho Pevu* Expose: Kenya Metal works in Mombasa was accused of lead poisoning and leaving a trail of slow and painful deaths to local residents.
13. 2018: Leisure complex fire in the Siberian city of Kemerovo in Russia kills at least 64 people, mostly children. President Vladimir Putin blamed it on "criminal negligence" (<http://www.bbc.com/newsround/43458468>)

14. 2018: A dam in Subukia in Kenya collapses leaving deaths and destruction along the flood path.
15. 2018 to date: Closure of businesses⁵⁸ due to poor fiscal and monetary policies

Discussion Forum:

1. Support or debunk the hypothesis that business disasters are due to corporate social irresponsibility
2. What does it mean when nobody ends up being punished for such business and industrial disasters in Kenya?
3. Where should the back stop in the event of devastating disasters in business practice in Kenya?
4. To what extent do you think CSR could help reduce industrial disasters?

Pollution Safe Havens

A safe haven generally means a safe place, place of protection, sanctuary, or a shelter from unwanted interference. Pollution safe havens are thus places where business entities can make profits while polluting, yet having the sense of safety and unaccountability without taking requisite environmental responsibility. Debate on this business model is framed around the “*Pollution Haven Hypothesis*”⁵⁹ (PHH); whereby a reduction in trade barriers, particularly environmental standard regulations, drives polluting multinational corporations to invest in such areas with less stringent environmental regulation, thereby altering both the spatial distribution of economic activity and subsequent trade patterns through the creation of havens for polluting. Consequently, industries that are highly pollution intensive have been migrating from developed economies to the developing world because the environmental concerns of the developed economies caused them to enact strict environmental regulations, which have increased the cost doing business at home. On the other hand, the developing countries with their low wages and lax environmental regulations, yet in need of financial resources for industrial development, have been attractive alternative investment areas. Developing countries thus provide pollution havens for dirty industries from developed countries.

⁵⁸ Effects include massive losses in jobs, wealth and livelihoods of many families

⁵⁹ <http://faculty.georgetown.edu/aml6/pdfs&zips/pollutionhavens.pdf> (accessed on 8th November 2018)

These relationships have been described using the Environmental Kuznets Curve (EKC) (Figure 5.7).

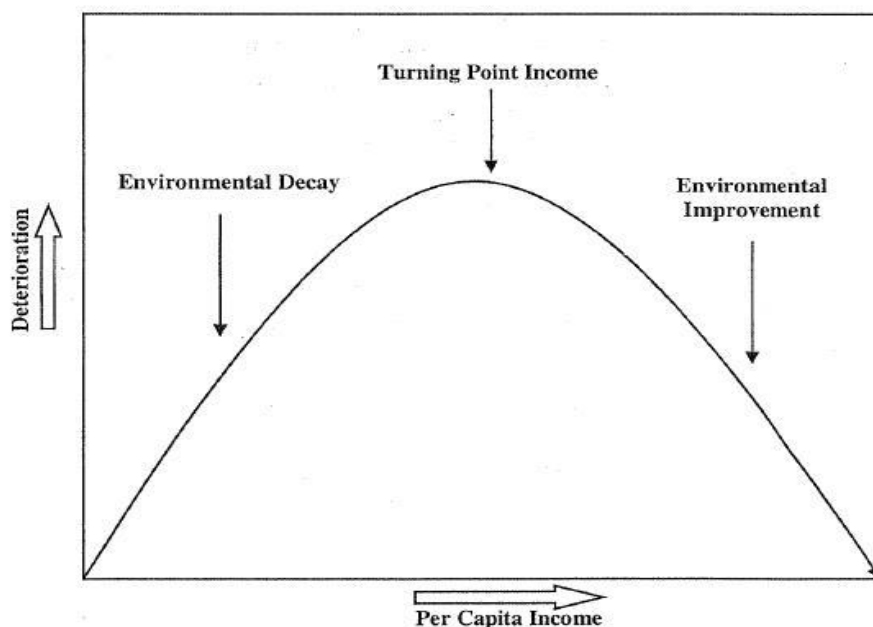


Figure 5.7. Example of an environmental Kuznets Curve [Source: <https://www.perc.org/2011/02/10/mexico-and-the-environmental-kuznets-curve/> (Accessed 12th January 2021)]

This conceptual model suggests that a country's pollution levels or resource degradation levels rise with initial development towards industrialization status, up to a turning point, after which they fall again as the country uses its increased affluence to reduce this pollution concentrations and degradation levels in the post-industrial development stage. This trend would suggest that the cleaner environment in developed countries came about at the expense of initial dirtier environment. As pollution drops in developed countries now enjoying post-industrial status, developing countries become the recipients of their Foreign Direct Investment⁶⁰ (FDI) and with that pollution and its effects due to lack of or poor enforcement of environmental protection guidelines.

⁶⁰ Foreign direct investment (FDI) is an investment made by a firm or individual in another country, often with a controlling effect. Foreign direct Investment is distinguished from portfolio investment in which an investor merely purchases equities of foreign-based companies (<https://www.investopedia.com/terms/f/fdi.asp>)

6. Tools for Maximised Corporate Social Responsibility

“Integrated measures to problem solving yield better results than straight jacket and compartmentalized measures”

Industrial Ecology and Sustainable Lifestyles

Based on the conventional scenario of development, nations tend to make tremendous economic development when they industrialize. Globally development and hence high living standards are associated with increased industrial activity, which has increased many folds since the industrial revolution, but with it negative environmental impacts (particularly environmental pollution and occupational safety and health hazards). Many lessons on good stewardship have been learnt since then. Industrial Ecology (IE) is one such recent advancement in sustainable development. It entails a paradigm shift from mere Industrial Systems to *Industrial Ecosystems*, with complete cyclicality in material and energy flow”, i.e. from cradle to cradle design where wastes are completely avoided. IE could also be visualised as delivering products, services or industrial activities having zero impacts on the environment, zero wastes or zero footprint. Fundamentally, industrial ecology is aimed at providing the technological and scientific basis for a considered path towards global sustainability.

The link between economic development and environmental systems is captured in the following assertions:

1. The environment is the sum total of factors of production and the life support system for people and other life forms
2. The environment provides resources for development and also accepts wastes generated from the development process.

3. An industrial economy changes the environment by consuming resources and discharging wastes into the environment.
4. A change in the economic system can cause changes in the environment and vice versa

The theoretical background of Industrial Ecology is hinged on the environmental impacts (EI) to be expected as nations develop. These impacts are a function of among others the following factors:

1. Population pressure
2. Income per capita
3. Technological advancements

Accordingly, environmental impacts of a place can be represented thus:

$$\mathbf{EI = f(Population, GDP, Technology)}$$

Where:

1. GDP/Person is the per capita wealth, which represents the quality of life. It determines people's consumption patterns, which also impact the environment in different ways. The higher the income per capita the more likely is consumption unsustainable. While people in developed countries are unwilling to modify their consumption patterns for environmental reasons, those from developing countries are unwilling to limit their aspirations for a similar life style.
2. Technological innovations can be put in place to minimise environmental impacts. Global efforts toward reducing greenhouse gas emissions are a good example in this context. Consequently, environmental impact necessary to provide a unit of quality of life to an individual represents the degree to which technology is available to meet human needs and aspirations without serious environmental consequences.

Myths about Development in Kenya

The popular view held in Kenya is that a man has made it in life when he has at least a big car (fuel guzzler), owns a big house and has a beautiful wife. The proponents of this view however never

stop to consider the material and energy flow associated with these three things through their life cycle (i.e. from cradle to grave). Government is particularly irresponsible when it comes to the number of fuel guzzlers allocated to its officers. Individual Kenyans too tend to exhibit social irresponsibility when using roads. The environmental and social impacts that call for mainstreaming CSR at individual and corporate levels manifest in increasing air pollution, road rage, traffic jams and chaos, and avoidable lost man hours. From an industrial ecology and corporate social responsibility perspective, the ecological footprints of these three material goals of Kenyans can be reduced by reflecting on among other issues, the following:

1. The raw material needed produce and or maintain the three products above
2. Energy requirements in extraction and processing of materials into products
3. Energy consumption in utilization of the car and house
4. Human and social capital input in the entire life cycle of the products or services.

Defining Industrial Ecology

A historical view of Industrial Ecology has been provided by among others Erkman (1997). For purposes of this book, Industrial Ecology will be understood to be the study of the flows of materials and energy in industrial and consumer activities, and their effects/influences on the biophysical environment, socio-economic, political, and regulatory factors of society". Other definitions that have been gleaned from literature include:

1. IE as the science and technology of sustainability. It is the objective, multi-disciplinary study of industrial and economic systems and their linkages with fundamental natural systems, providing the theoretical and scientific basis upon which understanding and reasoned improvement of current practices can be based.
2. IE as the study of the physical flows of matter and energy between and within industrial systems and ecosystems, with the aim of contributing to the efforts of controlling and reducing the impacts of these flows on ecosystems, including human beings.

3. IE also concerns itself with the study of structural and organizational characteristics and properties of industrial ecosystems i.e.
 - a. kinds of components that constitute the system
 - b. whether components are similar or different from each other
 - c. whether their number is large or small
 - d. whether there are links between the system components
 - e. what kinds of links and connections?
 - f. how they are organized, including operational dynamics, and
 - g. legal, policy and structural dimensions.

Accordingly, IE concept requires that an industrial system be viewed not in isolation from its surrounding system, but in concert with them. In relation to industry, it should be noted that:

1. Industry takes in a lot of input from material flow of nature, often exceeding the reproduction rate, hence risk of depletion or exhaustion.
2. Materials derived from nature are not used as efficiently as would be possible in industrial processes, hence the idea of “efficiency gap” This implies accumulation of wastes and hence increased pollution and degradation costs etc.
3. There are physical limits that nature poses upon industrial development. We can thus use ecosystem material flows for prescription of the overall goal and vision for sustainable industrial ecosystems.

The difference between IE and existing approaches in addressing environmental perturbations lies in IE focusing on:

1. Materials, products, services, and operations over their life cycle
2. Global sustainability (not micro-level only)
3. Strategic intervention (thinking outside the box or beyond the nose)
4. Guided evolution of complex system
5. Appropriate enhancement of human well-being.

Essentially, while conventional remediation and compliance are important, they are trivial compared to the challenges of achieving

sustainability. As such under IE, environmental management programs or plans no longer focus on just one site, or single media or specific substance impact, but broaden to view physical, economic and technology systems as a whole and over their entire life cycles. Further, how human being do things now may not represent how they ought to do things. As a development tool IE thus seeks to contribute to global efforts towards an ecologically sustainable world based on two main guiding principles:

1. **A descriptive analysis of systems:** It entails understanding how systems work and the way things are, how decision-makers, policy makers, organizations and individuals act and behave, what their concrete actions are and what their practical measures are.
2. **Prescriptive analysis:** It entails how policy makers, decision-makers, organizations etc ought to and should behave and act; and what ought to and should be their concrete and practical measures. The key prescriptions for Industrial Ecosystems are:
 - a. Industrial activity should reduce the amount of important nutrients (Raw Materials) that industry takes in from nature, yet achieve desired goals (products and services)
 - b. The amount of non-harmful flows of nutrients that are returned to nature should be increased.
 - c. The amounts of harmful materials (wastes) should be reduced.

Key Approaches and Tools of Industrial Ecology

Although IE is supported by a myriad of tools, for purposes of this volume, only few tools that firms can take advantage of when implementing their CSR policies are described. These include:

1. Clean Production Mechanisms
2. Life Cycle Approaches (LCA)
3. Industrial Symbiosis (IS)
4. Sustainable Consumption Patterns (SCP)

Clean Production Mechanisms

UNEP generally defines clean production (CP) as the continuous application of an integrated, preventive environmental strategy towards processes, products and services in order to increase overall efficiency and reduce damage and risks for/to humans and the environment (Figure 6.1). To be expected is reduction of waste generation and efficient use of inputs in product development and service delivery. The environment benefits through reduced ecological footprints while people and other living forms benefit from a cleaner and more serene environment. It would therefore make sense to include clean production mechanisms into the menu of interventions in any robust CSR policy. Responses to business pollution are however varied with the lowest level of responsibility being passive approaches, while the highest responsibility is exemplified by pro-active interventions (Box 6.1).

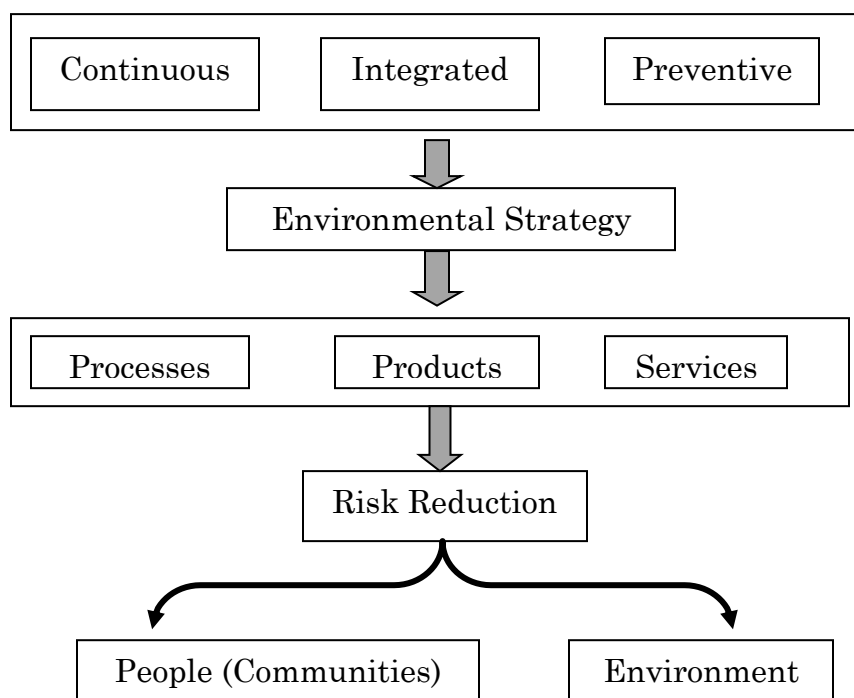


Figure 6.1. Illustration of cleaner production mechanism

Operationalization of CP would entail among other the following interventions:

1. Conserving raw materials and energy

2. Eliminating toxic raw materials
3. Reducing quantities and toxicity of emissions and wastes
4. Re-use of materials
5. Recycling of materials in industrial and service systems
6. Reducing negative impacts of products and services along their life cycle
7. Incorporating environmental concerns into designing and delivering services

Box 6.1. Responses to Business Pollution

1. **Passive:** Ignoring pollution. This always leads to negative environmental and social impacts.
2. **Reactive:** Dilution and dispersion: e.g. diluting pollutant concentrations by discharging to water bodies. This too leads to disasters, but often at a later stage and at a grander scale.
3. **Constructive:** End-of-pipe treatment of wastes with little regard of waste reduction at source. This approach can be effective but expensive. Also 100% environmental recovery is not possible due to effect of “Permanent damage” effect.
4. **Proactive:** Preventing pollution and waste generation at source itself. This in essence is what CP envisages.

Life Cycle Approaches

Every product or a service has a life cycle (cradle to grave). Life Cycle Approaches (LCA) entail assessing, analysing and or managing products or services throughout their entire life cycle (i.e. from cradle to grave). The rationale for increasing importance of LCA includes:

1. unsustainable patterns of production and consumption
2. massive losses of materials and energy at sources, processing and disposal points
3. inefficient extraction of raw materials
4. continued use of obsolete technology
5. inadequate capacity to apply international quality standards

These concerns can be addressed by various tools within life cycle approaches such as life cycle thinking, life cycle analysis and life cycle management. Life Cycle Approaches entail integrating existing consumption and production strategies and preventing

piecemeal approaches to problem solving. The intention is to avoid shifting problems from one life cycle stage to another, from one geographic area to another and from one environmental medium to another. Human needs such as food, shelter and mobility should be met through optimised consumption and production systems that are contained within the capacity of the ecosystem. These approaches provide the best possibilities of making sustainable decisions around products and or services in the development process.

The main stages or phases of life cycle within which responsible decisions are required are outlined below:

1. **Extraction of raw materials:** This could include such activities like mining, quarrying, logging and cropping.
2. **Production:** This often occurs at the factory or industry level. Inputs often include energy, water, chemicals and skilled labour. Outputs could range from desired products and toxins.
3. **Distribution:** This stage entails all activities of moving the product around the world. Transport infrastructure and fuel are critical inputs.
4. **Consumption:** This involves buying and making use of the product, and keeping materials flowing in shopping malls. It should be noted that consumption per capita vary globally. This has implications on ecosystem quality through products designed either for the dump (DfD⁶¹) or designed for obsolescence (DfO). Progressive CSR should insist on producing or indulging with products that are designed for the environment (DfE⁶²). Such products tend to be durable and are often used for a long time.
5. **End of life:** At this stage, the design use of the product is over (regardless of the number of consumers who may have used it) and now it's a waste. What do we do with it? (Dispose, reuse, recycle or what?)

⁶¹ Such products have short-life spans, or become obsolete quickly. They are often expensive to repair, and sometimes it's difficult to find parts. The easiest way is to keep buying new ones to replace faulty ones.

⁶² Such products and services are environment and people friendly. They advance the sustainability agenda

Tracking a product through its life cycle lends itself to the concept of Hot Spot Analysis (HSA), whose is to identify the most critical sustainability concern of a product at each stage of its life cycle and take appropriate mitigation measures. For example, in table 6.1, the hot spots in sugar production occur at raw material extraction when monoculture sugarcane plantations result into significant loss of biodiversity, and during product distribution due to emission of greenhouse gasses.

Industrial Symbiosis

This concept is borrowed from symbiotic relationships among biotic entities, in which all parties involved benefit from each or one another. Similarly in industrial symbiosis⁶³ (IS) it is expected that the wastes or by-products of industry A can become raw material for industry B to produce new products. The wastes or by-products of industry B can become the raw materials of industry C specializing in other products. Industrial symbiosis thus involves the physical exchange of materials, energy, water and by-products among several industrial systems, firms or organizations. Industrial systems relating in this way end up forming industrial parks. This would no doubt enhance sustainability through strategic resource use, reduced wastage and reduced production and waste disposal costs. Ultimately the pressure for virgin raw materials is also reduced.

Table 6.1. Hotspot analysis based on sugar production

Concern	Extraction	Production	Distribution	Consumption	End of life
Energy use		**			
Emissions			**		
Biodiversity	***				
Health & Safety				**	

Sustainable Consumption Patterns

Sustainable consumption is to be understood in this context as avoiding wastage and extravagance in resource use. Consumption of products and services is directly proportional to income levels.

⁶³ <http://www.wrap.org.uk/content/what-industrial-symbiosis>

People with more disposable income tend to be heavy consumers and hence heavy polluters depending on their attitudes. The question that begs for answers is whether life and happiness are dependent on increasing consumption levels. Responsible attitude at both individual and corporate level seeks to have a reasonable balance between material capital and desired happiness (Figure 6.2).

At some point in time the curve for happiness tips over and assumes a diminishing return pattern despite increasing material possessions. Further, persistence in material accumulation results into unnecessary pressure on the environment, which translates into increased risks of environmental damage. Doing with just what is enough would be good practice. CSR policies can politely introduce such stewardship initiatives without offending customers.

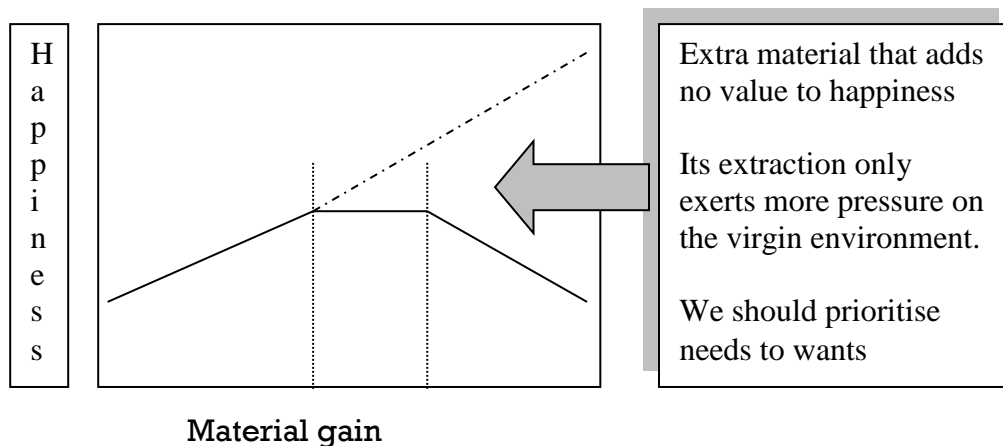


Figure 6.2. Happiness and material possessions nexus

Industrial Ecology Model Systems

Three models of industrial ecology can be distinguished:

1 Type I System (Linear Material Flow)

Virgin materials enter the system, are processed into goods, used only once, and then disposed of as waste. In this context, waste is material for which there is no further use within the system, as opposed to residuals, which may have no further use within the generating process or firm, but can be reused within the system as

a whole. As a principle of IE, no economic activity should create waste, only residuals. An example of linear material flow would be a car that is abandoned by the road side at the end of its useful life- as all waste! Such abandonment may be caused by (i) lack of recycling technology, (ii) cultural reasons and (iii) economic factors among other factors. Linear material flow has the potential to result into rapid waste accumulation and subsequent high clean-up costs. The pressure on virgin material to sustain production of new products becomes very high.

2 Type II system (Quasi-circular Material Flow)

This model arises as scarcity of goods and population pressure makes type I system inadequate. Feedback and internal re-cycling loops begin to develop, and flows of material into, and waste out of the system begin to diminish. Internal reuse of materials can become quite significant. For example, instead of abandoning the post-consumer car, it is stripped of useful sub-assemblies, which are then recycled as re-used parts (second hand parts). The remaining bulk is shredded and the steel recovered for recycling. The remaining plastic, and glass waste are then land filled. The challenge of quasi-circular material flow is to redesign and manage these wastes as residuals. In Kenya quasi-circular material flow is exemplified by among others co-generation at Mumias sugar company, trading in second hand clothing (*mitumba* markets), and the famous Jua-kali sector where trading in re-used motor vehicle parts is popular.

3 Type III (Circular Material Flow) - from cradle to cradle

In this system, full cyclicity is supposed to have been achieved with nothing going to waste. Decisions on various aspects of this full cyclicity are not easy especially from an economic point of view. Circular material flow is the ultimate goal of industrial ecology. Industrial symbiosis becomes the natural thing to do in material and energy flow.

Discussion Forum
<ol style="list-style-type: none">1. Describe the life cycle of Toyota Prado 3000 cc2. Using an example describe an eco-industrial park

Reducing Ecological Footprints

An ecological footprint measures the demand of humans on nature, i.e. it estimates the area of resources (land and ocean) required to support (sustain) our consumption patterns (food, goods, services, housing, and energy) and assimilate our wastes on an annual basis (<https://www.footprintnetwork.org/our-work/ecological-footprint/>). Currently, the ecological footprint tracks the use of six categories of productive surface areas: (i) cropland, (ii) grazing land, (iii) fishing grounds, (iv) built-up land, (v) forest area, and (vi) carbon demand on land. On the supply side, a country's bio-capacity represents the productivity of its ecological assets (including cropping and grazing land, forest land, fishing grounds, and the built-up land). Left undisturbed, these areas can absorb much of the waste we generate, including our carbon emissions. Both ecological footprint and bio-capacity are expressed in "global hectares" (gha) or "global acres" (ga), which are standardized units that take into account the differences in biological productivity of various ecosystems impacted by our consumption activities. The bigger the ecological footprint, the higher the pressure on the resource and the sustainable use of the resource is compromised. A bigger footprint means eating much into the resource base in an effort to meet our needs and wants. If a population's ecological footprint exceeds the region's bio-capacity, that region is running on an **ecological deficit** (i.e. its demand for the goods and services and carbon dioxide absorption exceeds what the region's ecosystems can renew). Similarly, if a bio-capacity exceeds its ecological footprint it is said to have **ecological reserves**. It is operating under deficits that trigger response mechanisms like imports and FDI, which exacerbate negative environmental changes.

In the spirit of sustainable life styles, nations and even households need to meet their needs with decreasing impact (footprint) on the resource base (environment). This calls for sustainable intensive systems, investment in efficient systems of resource use, and the right human behaviour and attitude on production and consumption patterns. Conventionally, human footprint is broken down into four consumption categories that represent what people generally need and want for a good life, thus:

1. Carbon footprint being the area needed to absorb carbon emissions generated by our home energy use and transportation.
2. Food footprint includes the area needed to grow crops, fish, and graze animals and absorb carbon emissions from our food production, processing and transport systems
3. Housing footprint includes the area occupied by our homes and the area needed to supply resources used in construction and household maintenance
4. Goods and services footprint includes the area needed to supply consumer items we purchase and absorb carbon emissions from their manufacturing, transport, and disposal.

Our footprint is similarly broken down into four ecosystem types or biomes, which are the bare minimum to supply our needs and wants thus:

1. Cropland (for the production of food and all other plant-based goods and services)
2. Pastureland (for the production of animal products and related services)
3. Forestland (Note the role in carbon sequestration and other ecosystem services)
4. Marine fisheries (all goods and services derived from aquatic ecosystems)

Experts in ecological footprints have observed that the global population is using more global hectares than is naturally available. This means we are overshooting the earth's biological capacity. If a business-as-usual path is maintained, human demand on the earth's ecosystems is projected to exceed what nature can regenerate by about 75 percent by the year 2020 (<https://www.footprintnetwork.org/our-work/ecological-footprint/>). To sustain present levels of consumption, we would need 1+0.5 earths, but we only have one earth. Accordingly, we need to reduce our individual and collective ecological footprints. At the corporate level, CSR policies and practices can be very useful in this endeavour, because behavioural change is influenced both ethically and legally.

At the individual or household level, there are many simple ways to reduce the footprint we leave on our ecosystems. The next section

provides few examples on firms and institutions can help to reduce footprints in each consumption category - carbon, food, housing, and goods and services (Table 6.2). CSR and best practices need to go beyond conventional standards. As a personal challenge we need to amplify our positive impacts by encouraging others to emulate us as we lead. Through CSR we can engage our friends and wider community with local and global movements for social change, or start our own movements.

Table 6.2. Practical ways of reducing our footprints

A. Carbon footprint
1. Design and encourage use of cleaner transport e.g. <ol style="list-style-type: none"> a. More electric cars than fossil fuel-powered vehicles b. Promote more walking, biking and taking public transport c. Bulk transport of goods by rail rather than trucks on highways
2. Invest in energy-saving features and habits, e.g. <ol style="list-style-type: none"> a. Energy saving bulbs and safe disposal of old bulbs b. Choose green electricity (Wind and solar power) c. Design premises with big windows to maximise on natural sunlight.
B. Reduce your Food Footprint <ol style="list-style-type: none"> a. Invest in agriculture that is designed for the environment b. Inculcate eating etiquette to reduce food wastage at work and at home
C. Reduce your Housing Footprint Invest in green designs and operations in the construction industry
D. Reduce your Goods and Services Footprint Invest in reduction, reuse and recycling technology of various products and by-products generated by the firm or institution.

Discussion Forum
<ol style="list-style-type: none"> a. How would you rate your food, water and energy footprints? b. Why do people generally tend to act waste resources? c. How can the culture of efficient resource use be nurtured at various levels of society? d. Explain the relevance of CSR in mainstreaming the concept of ecological footprints in firms and organisations?
Case study: City Dump Sites as a Multi-purpose Projects
Navigate the internet and document places where dumpsites have

been transformed into multi-purpose projects. Summarise your notes using the following themes:

- a. The multiple benefits to be expected
- b. An illustration of the design innovations that make it possible
- c. Convergence and divergence of system from conventional biogas technology

Overview of Environmental Assessments

Due to the potential negative impacts of development projects, the law provides for comprehensive environmental impact assessment for proposed projects and auditing for on-going projects through the environmental management and coordination act of 1999. Undertaking such assessment advance the objectives of CSR since the three spheres of sustainability are addressed in terms of minimizing negative impacts and maximising positive impacts. An over of the processes is the gist of the proceeding sections.

Environmental Impact Assessment

Although no universal standard definition occurs, environmental impact assessment (EIA) is generally understood to mean an investigation undertaken in connection with a proposed development project, to assess its potential impacts on the environment with the ultimate aim of harmonizing human-environment relationship towards sustainable development. An EIA can also be understood to be a critical examination of the potential effects (negative and positive) of a proposed project on the total environment, with the ultimate aim of mitigating the negative impacts, while maximising the positive ones, towards sustainable development. Essentially the aims of EIA include:

1. To identify and analyse the impacts of a proposed project on the total environment
2. Predict likely changes on the environment as a result of a development activity
3. Evaluate the various alternatives to the project
4. Propose mitigation measures for significant negative impacts
5. Maximise the positive impacts
6. Generate baseline data for monitoring and evaluation during the project cycle

7. Provide a platform for guiding policy makers, planners, stakeholders among others in order to make environment and people friendly decisions

The ultimate advantages of EIA include:

1. Helps to maintain the desired quality of the environment
2. Contributes to proper land use planning and management
3. Enhances the livelihood of present and future generations
4. Helps to prevent resource use conflicts
5. Lowers the project development costs in the long-run
6. Enhances sustainability of projects by encouraging public participation and ownership

Nature or Characteristics of EIA

1. It is a preventive and precautionary environmental management instrument (prevention is better than cure)
2. For being predictive and anticipatory, it explores potential environmental of proposed development projects.
3. Its procedure is systematic, analytical and critical. The output is therefore objective and reliable.
4. It is backed by a legal framework (EMCA 1999) and a common procedural and communication approach
5. It is multi-objective and hence multi-output and outcome
6. It is naturally an integrated and multi-disciplinary assessment process, hence need for multi-stakeholder involvement in the spirit of public participation.
7. Negotiations and consensus building are key in decision-making.
8. Its benefits are dependent on good political governance, in particular willingness to implement its recommendations.

Core Values (Principles) of EIA

1. Integrity: the EIA process should conform to agreed standards
2. Transparency: all assessment decisions, and their basis, should be open and accessible. There is also need for timely access to the process by all interested and affected parties
3. Accountability: decision-makers are responsible to all parties for their actions and decisions under the assessment process.

4. Utility and practicality: the EIA process and outcome should provide balanced, credible information for decision-making.
5. Certainty: the process and timing of the assessment should be agreed in advance and followed by all participants
6. Credibility: assessments are undertaken with professionalism and objectivity
7. Cost Effectiveness: the EIA process and its outcome should ensure environmental protection at the least cost to society.
8. Flexibility: The assessment process should be able to adapt to deal efficiently and effectively with any proposal or decision-making situation.
9. Sustainability: the EIA process should result in environmental safeguards for posterity.

Projects that require EIA

The projects that require EIA are specified in the second schedule of EMCA, 1999. Business entities keen on CSR should have such as reference material and comply accordingly. However common misconceptions about EIA that developers have sometimes invoked to avoid this important development tool include but not limited to EIA being perceived as EIA too expensive and hence anti-development, a waste of time and a foreign tool to retard Africa's development.

The procedural and administrative guidelines for EIA are specified in relevant policy and legal documents. They address aspects like (i) when an EIA should be done? (ii) who should administer it (iii) who should pay for it, iv) who is allowed to conduct it, and v) how the public participate in the process.

To address changing scopes and capture the necessary details, EIA continues to evolve with new branches now in place such as:

1. Cumulative Impact Assessment (CIA)
2. Environmental Risk Assessment (EnRA)
3. Social Impact Assessment (SIA)
4. Socio-economic Impact Assessment (SEIA)
5. Strategic Environmental Assessment (SEA)

Discussion Forum

1. Using any 4 different EIA summary reports assess their added value to CSR.
2. Would you consider the National Environment Management Authority (NEMA) anti or pro-CSR? Explain.
3. Discuss the merit and demerits of the following key problems associated with the EIA process
 - a) Lack of political will and commitment to environmental concerns
 - b) Inadequacy of institutional frameworks
 - c) Limited number of trained personnel for undertaking and managing the EIA process
 - d) Limited resources, technical competence and data
 - e) Tendency to marginalise environmental goals relative to economic development goals
 - f) Legal technicalities

Environmental Audit

Audit is the term taken from financial accounting to infer the notion of verification of practice and certification of data (i.e. whether money was spent as per the approved budget). The auditor's work is thus to verify compliance with approved expenditure, based on some laid down rules, policies or regulations. Auditing can be viewed as an organisation's means of gathering social, economic and environmental information, to see whether or not the organisation is socially, economically, and environmentally sound. Audits can thus be done on all spheres of sustainability, hence the following classification:

1. An economic audit may be equated to financial audits;
2. A social audit may be equated to Corporate Social Responsibility (CSR),
3. An ecological audit then becomes an environmental audit.

An Environmental Audit (EA) is a management tool comprising of a systematic, documented, periodic and objective evaluation of how activities and processes of an-ongoing project conform to the approved environmental management plan of that specific project and sound to environmental practices. An EA may also be defined as a review process of assessing the nature and extent of environmental concerns in an organisation or at an existing facility,

with the ultimate aim of attuning the facilities operations to recommended environmental standards. A comprehensive EA safeguards healthy environments at all stages of a project operation, as well as decommissioning (Eventual phase-out).

Officially NEMA defines an environmental audit as a management tool comprising of a systematic, documented, periodic and objective evaluation of how activities and processes of an on-going project conforms with the approved environmental management plan of that specific project and sound environmental practices. A comprehensive EA promotes safe and healthy environments at all stages of a project operation, as well as decommissioning. As such an EA's main objectives include assessing an organisation's activities and services in relation to:

1. Compliance with relevant statutory and internal requirements
2. Promoting good environmental management
3. Establishing the performance baseline for developing an environmental management system
4. Maintaining credibility with the public
5. Triggering new awareness and new priorities in an organisations policies and practices
6. Exploring improvement opportunities

As a follow-up to EIA, Environmental Auditing is a management tool that aims to:

1. Determine how far the activities carried out with respect to a project conform to the statements made in the EIA study report. A formal EIA audit can therefore only be commenced after partial or complete project implementation.
2. Determines the actual impacts and outcomes of projects or decisions that have been subjected to an EIA
3. Assesses whether the conditions established by statutory bodies for mitigating the environmental impacts of development have been implemented and enforced, and whether they ensured that the environment was protected.
4. Identifies the nature and accuracy of impact predictions, and evaluates the role of impact prediction in the management of environmental impacts of development
5. Evaluates the effectiveness of the EIA process in order to identify areas that could usefully be revised or refocused

6. Examines the effectiveness of an individual EIA in an attempt to identify ways of improving the utility and efficiency of future assessments

Examples of Environmental Audit Types

On the basis of when and by whom auditing is done, three types of Audits can be distinguished:

Environmental Audit Study: Is a systematic evaluation of activities and processes of an on-going project to determine how far these activities and programmes conform to the approved environmental management plan of that specific project and sound environmental management practices. The ACT expects that an environmental audit study be undertaken on the following development activities, which are likely to have adverse environmental impacts:

1. On-going projects commenced prior to the coming into force of these regulations
2. New projects undertaken after completion of an EIA study report. An Environmental Audit Study is thus done by a registered lead expert on behalf of the project operator or owners of concerned premises.

Environmental Control Audit: Is carried out by NEMA whenever it deems it necessary to check compliance with environmental parameters set for the project or to verify self-auditing reports. A control audit shall: (i) Confirm that the environmental management plan of the project is being adhered to (ii) Verify the adequacy of the environmental management plan in mitigating the negative impacts of a project.

Self-Auditing: Is internal to the company or institution and often undertaken as part of good environmental practice at periods determined by company management. Internal audit reports are often reviewed during the annual mandatory auditing. Results-oriented self-auditing is indicative of a firm/institution being CSR compliant.

So that cost may not be an excuse, an audit can also be attuned to specific environmental components, problems and processes as exemplified below.

1. **Pollution Control Auditing:** To provide assurance to corporate management that the environment & public are protected against acute or chronic hazards
2. **Occupational Safety Auditing:** To ensure that workers are protected from being hurt or killed in an accident or gradually harmed as a result of long-term adverse working conditions.
3. **Occupational Health Auditing:** To assure corporate management that workers are protected from acute or chronic health hazards.
4. **Product Safety Auditing:** To provide assurance to corporate management that consumers are protected from being hurt or killed by the purchase or use of a product. In recent times, Kenyans have been exposed to contaminated sugar, *aflatoxin* laden maize and vegetables with heavy metals due to unethical business practices. A business entity that would be CSR compliant would pursue product safety by focussing on among others the following questions:
 - a. Does the organisation have in place any laws, policies, regulations that govern product production?
 - b. What is done to ensure that acceptable product quality is attained?
 - c. Which mechanisms are in place to ensure that the product is safe for consumption?
 - d. Are there any guidelines on packaging and contamination prevention?
 - e. Does the organisation have an environmental management committee?
 - f. Is environmental management an integral part of the firm's production mandate?
 - g. To whom is the firm accountable when it comes to environmental management?
 - h. Does the organisation undertake routine environmental reporting?
 - i. What is the attitude of the organisation on environment and its auditing?
 - j. What can be done to improve the situation?

Discussion Question

Why is it important to focus on the following items during an environmental audit study?
--

- a. the past and present impacts of the project
- b. responsibility and proficiency of project operators
- c. existing internal mechanisms for mitigating impacts
- d. existing internal procedures for occupational safety and health
- e. the existence of environmental awareness and sensitisation measures; environmental standards; regulations, laws and policies for the managerial and operational personnel

Social Impact Assessment

Enhancement of social welfare through CSR would not be maximised without adequate understanding of the issues that characterise social sustainability. Currently both environmental impact assessments and environmental audits must integrate the potential impacts of projects on the people and communities. Social impact assessment (SIA) is thus the process of identifying (predicting) and managing (mitigating) negative social impacts of development projects. The goal is to identify opportunities to enhance benefits to communities, while mitigating negative impacts. A detailed interpretation of SIA must have socio-cultural, historic, economic; and political, institutional and legal contexts.

In summary, corporate environmental management systems (CEMS) should be integral parts of a company's CSR policy. Its role would be to provide assurance that:

1. The corporation or business is in compliance with the state's environmental laws, policies etc.
2. Policies and procedures are clearly defined and promulgated throughout the organisation
3. Corporate risks resulting from environmental risks are being acknowledged and brought under control.
4. The company has the right resources and staff for environmental work, is applying those resources, and is in control of its future.
5. The company is doing well when it comes to social welfare and environmental performance.

Environmental Performance Indicators

Environmental indicators are simple measures that tell us what is happening in the environment. Is any change taking place? Is it positive or negative? How much change is happening and at what

rate? What is being done to contain adverse change? On the other hand, an environmental indicator is a numerical value that helps provide insight into the state of the environment or human health. Indicators thus provide a more practical and economical way to track the state of the environment. Tracking calls for appropriate monitoring tools and procedures, which are environmental component specific (Water, air, land), and even further to sub-systems.

Environmental indicators can be developed and used at a wide variety of geographic scales, from local to regional to national levels. By performance is implied how well we are doing in maintaining a healthy environment amidst anthropogenic activities that define our development processes. The strengths of environmental performance indicators (EPs) are quantification of risks and trends and benchmarking with previous years and other sites. This offers options to identify improvement potentials. If monitored regularly they serve as an early warning system. Assessing, monitoring and evaluating EP is conventionally based on environmental descriptors and set standards, which are country specific. Some examples are outlined below:

1. Deforestation against set national forest cover
2. Loss of biodiversity, including endangered species
3. Average global surface temperature and GHG concentrations and in particular CO₂ in the atmosphere
4. Land degradation and desertification
5. Environmental pollution⁶⁴ particularly in slum settlements merit special attention.
6. Energy and water crises; and scenarios for the future

⁶⁴ In Kenya, Garbage Rivers and the challenges of water and sanitation, and management of organic wastes

7. Integrating CSR and ISO Certification

“The future of resilient ecosystems and the well-being of people depend on integrating standardization and certification”

Background

This chapter seeks to introduce readers to the role CSR can contribute towards promoting and mainstreaming ISO 9000 and 14000 certifications in business and service entities, including learning institutions. All these entities strive to be associated with quality⁶⁵ in the things they deliver or do. Yet without set standards, quality cannot be measured. Implementing expected standards requires various instruments such as legislation and company policies. A firm or institution that values responsibility and accountability will seek to be associated with these performance standards. For being the driver of ethical business practices, corporate social responsibility policies have a role to play in this endeavour.

Standardization and Certification

The foundation of standardization was laid down during the industrial revolution. There arose the need to produce standard products all the time; everywhere in order to adequately meet customers' demands. Standardization is thus a natural phenomenon inherent in human expectations where the common or collective good is expected in goods and services. Standardization covers virtually all areas of human activity (Agriculture, Engineering, Building and Construction, Chemicals, Medicine, Education and training among others), and can be promulgated at company, national, regional or international levels as exemplified by the Kenya Bureau of Standards (KEBS), African Regional Organisation for Standardization (ARSO); and International Organisation for Standardization (ISO). The importance of standardization can be seen in the following examples:

⁶⁵ Understood to be fit for purpose in this context

1. Car manufacture and availability of same spare parts for same models worldwide
2. Order of traffic lights worldwide (RED, UMBER, GREEN)
3. Paper types and sizes and printers standardized to fit
4. Coca cola as a product is the same worldwide
5. Clothing sizes
6. Standardization of electrical appliances
7. Common standards in higher education

Standardization is thus an activity of establishing optimum degree of order in a given context. This activity consists of the process of formulating, issuing and implementing standards; to guide in the realisation of the envisaged order. Existence of orderliness removes chaos from our daily lives and helps to assess the quality of a product or a service. A Standard on the other hand is a document established by consensus and approved by a recognised body aimed at the achievement of the optimum degree of order in a given context such as in Corporate Management, Product Production, Environmental Management, Customer care, or Training in a specialized field. To be widely and readily accepted, standards are prepared through consultation and consensus of all possible interested parties such as experts in the field, governments, consumers, and manufacturers.

To cope with the dynamism in human needs, wants and expectations, standards are kept up-to-date by revision at regular intervals to incorporate latest development in science and technology. Anthropogenic-based standards are thus logically dynamic. The only exceptions are divine standards, which do not change with time. The full benefits of standardization are however obtained only when the standards are fully and diligently implemented. This calls for accountable and responsible business leadership. Principally the aims of standardization, which also mirror those of CSR include:

1. To protect consumer interests through adequate and consistent quality of goods and services.
2. To ensure health and safety of people and their environment
3. To facilitate communication and exchange of information on development issues
4. To enhance achievement of sustainable development

Certification on the other hand is assurance by an independent organisation that goods and services are being manufactured or provided in conformity with requisite standards. It ensures the implementation of standards and encourages the production of quality goods and provision of quality services. The Commission for University Education (CUE) for instance certifies that higher education curriculum is meeting required human capital development in Kenya. The National Environment and Management Authority (NEMA) is on the other hand meant to ensure that environmental health and quality is safe guarded by users of the environment for business and development. Since quality assurance is hinged upon specific Quality Management Systems (QMS), it should be possible to certify that the CSR policies and practices of a firm or institution meet certain standards as well. A challenge in CSR is the need to develop CSR standards appropriate for various development challenges. This also calls for the establishment of appropriate CSR accreditation agencies.

Quality Management Systems

A Management System refers to what the firm, organisation or institution does to manage its processes or activities in order that the products or services it produces meet the objectives it has set for itself. Although different standards exist for various purposes, globally International Organisation for Standardization⁶⁶ (ISO) has developed standards that organisations can use to audit themselves particularly on such issues as satisfying the customer's quality requirements, hence ISO 9000 series; and meeting environmental sustainability objectives, hence ISO 14000 series. As a non-governmental organisation, ISO is reputed to be the world's largest developer and publisher of standards, but does not itself audit or assess the management systems of organisations to verify that they have been implemented in conformity with the requirements of the standards. ISO 9000 and ISO 14000 series are the most widely and successful standards ever. Both are generic⁶⁷ management system standards.

⁶⁶ Ideally International Organisation for Standardization should be abbreviated as IOS (English) or OIN in French (*Organisation Internationale de Normalisation*). ISO derived from ISOS, which means equal was agreed upon to avoid such confusion.

⁶⁷ i.e. both can be applied to any organisation, large or small, whatever its product or service, whether private, government or public entity

Overview of ISO 9000 Family of Standards

The focus of ISO 9000 series is Fundamentals and Vocabulary in Quality Management Systems (QMS) in business to business dealings, including corporate and institutional management (i.e. what an organisation does to enhance and ensure customer satisfaction all the time). Within it occur specific standards such as ISO 9001, which focuses on requirements for Quality Management Systems and ISO 9004 which focuses on Guidance for Performance Improvement in Quality Management Systems. ISO standards like others are not static, but may be revised based on new knowledge. For instance, revisions in ISO 9000 have been based on 8 quality management principles that reflect best management practices around the world, thus:

1. Customer focus
2. Leadership
3. Involvement of people
4. Process approach (see part 5.4 below)
5. System approach to management
6. Continual improvement
7. Factual approach to decision-making
8. Mutually beneficial supplier relationships

Accordingly, ISO 9001:2000 was revised to ISO 9001:2008, and the later to ISO 9001:2015 (<https://www.iso.org/iso-9001-quality-management.html>). Progressive firms should aspire to be ISO 9001:2015 certified – meaning that their practices consistently meet international standards with respect to quality management principles.

Overview of ISO 14000 family of Standards

ISO 14000⁶⁸ is a series of documents relating to the implementation of an Environmental Management System (EMS), for managing environmental impacts of businesses and services. Within the ISO 14000 series, there are at the moment two types of standards - Guidance and Requirements. ISO 14001 is the document which defines the requirements for the EMS. Guidance standards are descriptive documents intended to provide guidance only. They include ISO 14004 to ISO 14064. More specifically ISO 14004: 2004 provides general guidelines on principles, systems and support

⁶⁸ <http://www.14000store.com/iso-14000-family.html>

techniques for Environmental Management Systems while ISO 19011:2002 provides guidelines for quality and or environmental management systems auditing.

Essentially:

1. An EMS that meets the requirements of ISO 14001 is a management tool enabling an organisation of any type or size to control the environmental impacts of its activities, products or services, and to improve its environmental performance continually.
2. An EMS makes possible a structured approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved.
3. A summary of ISO 14000 standards along with many more details are listed on the International Organization of Standards web site (<http://www.iso.org/>).
4. Depending on the nature of the business that organizations are involved in, some of the other standards listed may apply and serious consideration of them will be necessary.

Companies and institutions should pursue ISO 14001 fundamentally because it is everyone's job to protect the environment by preventing pollution and continually improving the air we breathe, the water we drink, and the earth we inhabit. Organizations are becoming increasingly concerned about achieving sound environmental performance, while delivering cost savings and demonstrating that they are "Good Corporate Citizens". Due to market pressure many organizations tend to implement ISO 14001 and obtain registration because it assures customers, shareholders, suppliers, regulators and the community at large that the company has a good Environmental Management System (EMS) in place. From a CSR perspective, the market factor would be secondary. Implementing ISO 14001 should be primarily driven by an ethical orientation. An organization with an effective EMS will typically meet customer expectations and comply with regulations better than an organization that does not have an effective EMS. Many organizations require their suppliers to have ISO 14001 Registration.

The Process Approach within Organisations

Delivery of quality products and or services is NOT a one-input action, but rather a *process*, with individual activities coupling each other in a defined sequence. The purpose of the Process Approach within Organisations is to enhance an organisation's effectiveness and efficiency in achieving its defined objectives. A process is a set of interrelated or interacting activities, which transform inputs into outputs. These activities require allocation of resources such as people and materials. From a CSR perspective, these activities should be guided by the principle of reducing footprints and enhancing social welfare. As an example of process linkages in an organisation, the **Plan-Do-Check-Act (PDCA)** is a powerful tool for defining, implementing and controlling corrective actions and improvements, thus:

1. **Plan:** Establishing objectives and processes necessary to deliver results in accordance with customer requirements and the organisation's policies.
2. **Do:** Implementing the process.
3. **Check:** Monitoring and measuring processes and product against policies, objectives and requirements for the product and report the results.
4. **ACT:** Taking actions to continually improve process performance.

With CSR as a culture, firms and institutions would do the right thing without the watchful eye of the regulator. The main benchmark would be continuous improvements based on best practices and innovations (Figure 7.1). Since some of these best practices exist elsewhere in the world, struggling nations do not have to re-invent the wheel. Adoption and use of what is available would be very cost effective in pursuit of improved environmental performance.

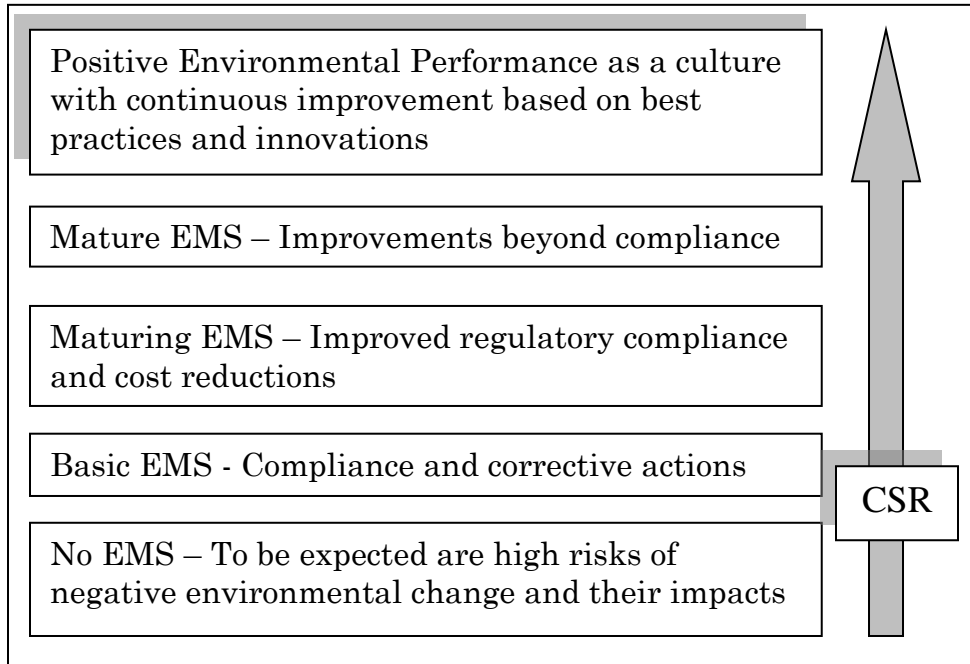


Figure 7.1: From compliance to a performance culture

Certification, Registration and Accreditation

Pursuing quality based on various standards will not be complete unless the following concepts are also operationalized:

1. **Certification** i.e. the issuance of written assurance by an independent, external body that has audited an organisation's management system and verified that it conforms to the requirements specified in the standard.
2. **Registration:** Means that the auditing body then records the certification in its clients' register.
3. **Accreditation** i.e. the formal recognition by a specialised body (an accreditation body) that a certification body is competent to carry out ISO 9000 or 14000 certification.

Both ISO 9000 and 14000 are voluntary standards. An organisation can therefore implement and benefit from their inherent features

internally without incurring the cost of being officially certified. One way of ensuring their perpetual existence in firms and other service organisations is to mainstream these ISO standards in company or organisation CSR policies.

Discussion Forum
<ol style="list-style-type: none">1. How would you rate the status of ISO 14000 series at your home, school or work environment?2. Why do you think firms and universities in Kenya are obsessed more with ISO 9000 series than ISO 14000 series?3. Can ISO 9000 certification in Kenya's business and service entities be trusted? Explain.

8. Legalism and Corporate Social Responsibility

“Beyond compliance per se to implementation of best practices as a culture, is the signature of CSR”

The objective of this chapter is to initiate debate on whether to also make CSR mandatory by law or retain it as a voluntary practice in Kenya, given its apparent environmental and social benefits as outlined in the latter part of this chapter. If law is to be understood as a standard meant to apply to all people in a defined area in order to bring about order and mutual justice in their routine lives, responsibility should then be indicated by the extent to which a firm or organisation adheres to various legislative instruments. According to India Briefing (2017), India is the first country in the world to make corporate social responsibility mandatory, following an amendment to The Company Act, 2013 in April 2014. Much value has been added to society through specific interventions that cut across many fields. For being currently voluntary, CSR is not mentioned in Kenya’s 2010 constitution. However, some of its inherent principles can be inferred from chapter four on the Bill of Rights, thus:

1. **According to article 19** the Bill of Rights is an integral part of Kenya’s democratic state and is the framework for social, economic and cultural policies.
2. **Article 19 (2)**, stipulates that the purpose of recognizing and protecting human rights and fundamental freedoms is to preserve the dignity of individuals and communities and to promote social justice and the realization of the potential of all human beings.
3. **Article 21 (1)** provides that it is a fundamental duty of the State and every State organ to observe, respect, protect, promote and fulfil the rights and fundamental freedoms in the Bill of Rights.

Selected constitutional articles for reflection in the context of CSR are outlined below. When businesses violate these rights, the social dimension of citizens is undermined.

- 22.** (1) Every person has the right to institute court proceedings claiming that a right or fundamental freedom in the Bill of Rights has been denied, violated or infringed, or is threatened.
- 26.** (1) Every person has the right to life.
- 27:** (3) Women and men have the right to equal treatment, including the right to equal opportunities in political, economic, cultural and social spheres.
- 28.** Every person has inherent dignity and the right to have that dignity respected and protected.
- 32.** (1) Every person has the right to freedom of conscience, religion, thought, belief and opinion.
- 36.** (1) Every person has the right to freedom of association, which includes the right to form, join or participate in the activities of an association of any kind.
- 37.** Every person has the right, peaceably and unarmed, to assemble, to demonstrate, to picket, and to present petitions to public authorities
- 41.** (1) Every person has the right to fair labour practices.
- 42.** Every person has the right to a clean and healthy environment,
- 43.** (1) Every person has the right (a) to the highest attainable standard of health, which includes the right to health care services, including reproductive health care;
- 43** (2) A person shall not be denied emergency medical treatment
- 46.** (1) Consumers have the right—
- a) to goods and services of reasonable quality;
 - b) to the information necessary for them to gain full benefit from goods and services;
 - c) to the protection of their health, safety, and economic interests; and
 - d) to compensation for loss or injury arising from defects in goods or services.
- 47.** (1) Every person has the right to administrative action that is expeditious, efficient, lawful, reasonable and procedurally fair.
- 53.** (1) Every child has the right (d) to be protected from abuse, neglect, harmful cultural practices, all forms of violence, inhuman treatment and punishment, and hazardous or exploitative labour.

CSR can also find legal support in chapter five of the national constitution on land and environment (Republic of Kenya, 2010). Article 69 (1) in particular provides that:

The State shall:

- a) ensure sustainable exploitation, utilisation, management and conservation of the environment and natural resources, and ensure the equitable sharing of the accruing benefits;
- b) work to achieve and maintain a tree cover of at least ten per cent of the land area of Kenya;
- c) protect and enhance intellectual property in, and indigenous knowledge of, biodiversity and the genetic resources of the communities;
- d) encourage public participation in the management, protection and conservation of the environment;
- e) protect genetic resources and biological diversity;
- f) establish systems of environmental impact assessment, environmental audit and monitoring of the environment;
- g) eliminate processes and activities that are likely to endanger the environment; and
- h) utilise the environment and natural resources for the benefit of the people of Kenya

Article 69 (2) stipulates that every person has a duty to cooperate with State organs and other persons to protect and conserve the environment and ensure ecologically sustainable development and use of natural resources. The state organ mandated to ensure environmental integrity in Kenya is the National Environment Management Authority (NEMA). However, whether it has lived to its obligations can only be established based on its audit by an independent task committee. Further, although the Environmental Management and Coordination Act 1999 exists, the challenge remains how environmental obligations and benefits could be fully realised when CSR is not mandatory by law.

9. Intellectual and Corporate Social Responsibility Nexus

“Going to school becomes a bad investment if knowledge fails to align our attitudes toward responsible behaviour”

Having discussed CSR and its benefits, it critical to explore ways in which firms can ensure that these ethical standards of doing business are implemented in a progressive manner. In doing this, the following key questions merit serious reflection:

1. Since CSR is not yet legally binding, where would the back stop in terms of accountability and taking responsibility for unacceptable business or service practices?
2. Under what conditions and who should ensure that CRS becomes part and parcel of business and service practices?

In this book the assumption is made that implementation of CSR is hinged upon intellectual social responsibility (ISR). Intellectuals in this context means educated and schooled personnel. If their fidelity to higher learning is to be respected by society, this category of the human resource should be ready and willing to put their capacities and competences to good work, and drive the entire CSR policy of any given firm, corporation, agency or organisation. This assumption is based on the widely acknowledged truism that socio-economic and political transformation of society is directly dependent on the active participation of its human resources in decision-making. The proceeding sections explore this dimension based on the assumption that CSR is a multi-variable dependent function with ISR being just one of the independent variables, albeit key, thus:

$$\text{CSR} = f(\text{ISR}, \beta)$$

Where:

β represent constellation of factors that influence performance and delivery of services by available human and social capital

If intellect is the power of the mind to think and to learn, an intellectual is therefore a person with the ability to think in a logical way, understand things and add value to situations through making informed decisions and commensurate actions. Intellectuals are neither passive people nor gullible followers. Their responsibilities are much deeper than that of ordinary citizens given the unique privileges they enjoy in society. In the context of CSR, Intellectual Social Responsibility (ISR) entails active interrogation of societal issues or concerns and acting accordingly based on among others the 3 key principles of (i) positive **Activism**: i.e. the willingness to raise alarm when wrong things happen rather than play the monkey game⁶⁹, (ii) **Articulation**: i.e. being able and ready to rationally explain their position and opinion about societal concerns based on knowledge and good practice, and (iii) **Action**: i.e. capacity to cause the implementation of corrective measures against societal concerns they would have articulated.

For being products of higher education and wide exposure to various aspects of life, intellectuals are expected to play the noble role of being technical and managerial innovators. The law provides for the protection of their Intellectual Property⁷⁰ (IP). On this basis, ISR becomes a pro-active harnessing of intellectual capital in pursuit of sustainable development. Rather than play the monkey game of “*seeing no evil, saying no evil and hearing no evil*”, ISR calls on intellectuals to use their skills and *sapiential authority* to impact society positively through translating knowledge into tangible products and services for enhanced human well-being. This can be done at various levels including: personal, institutional, political or corporate. At the institutional level, the academy (the university) stands out as a critical driver of ISR. Its intellectual responsibility is already implied in the conventional core values and key statements typical in most universities in Kenya as exemplified in figure 9.1.

⁶⁹ See no evil, hear no evil, say no evil

⁷⁰ An Intellectual Property is an idea, design, technology that somebody has created and that the law prevents other people from copying and fraudulently gaining from it.

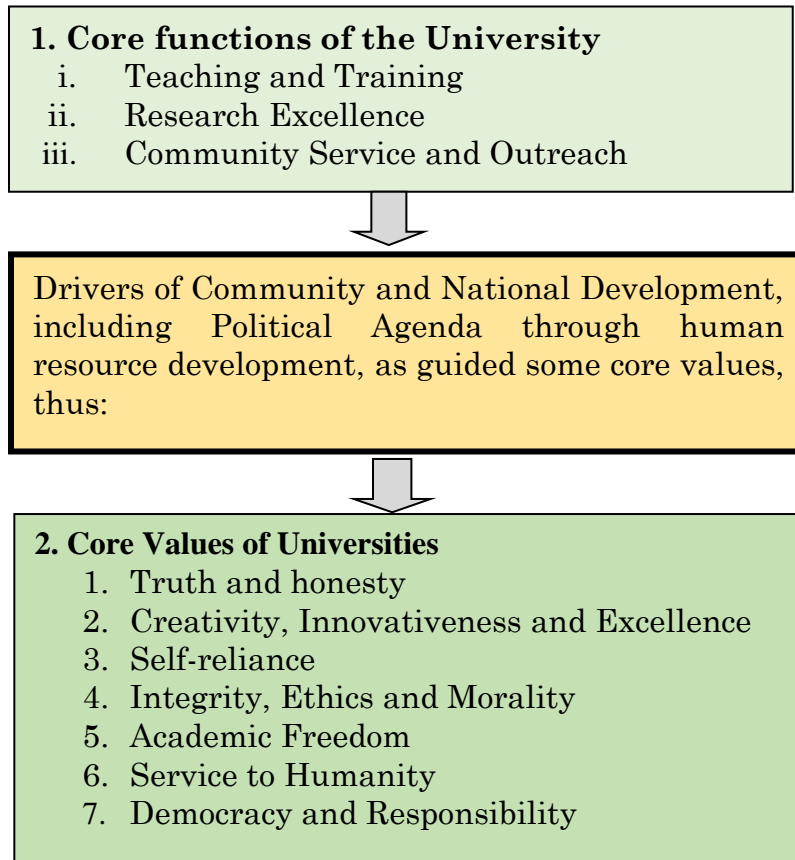


Figure 9.1. Core functions and values in Kenya's universities

So when the academy is characterised with commercialization and massification of education at the expense of quality of its graduates, its performance in intellectual responsibility becomes doubtful. Further, intellectual irresponsibility of the academy becomes worse if such vices as financial corruption, negative ethnicity, lack of innovation, stifling of divergent opinion and dancing to the whims of politicians become their signature. At this point, the collective leadership of the academy would have collapsed. If rural communities surrounding a university do not feel the university's positive impact, the academy's CSR and ISR would be wanting. Where CSR is an institutional culture, surrounding communities would be benefitting from such initiatives like casual jobs, civil education, medical camps, agricultural extension and environmental conservation among others. Impact should start

from the epicentre (the academy) and extend to the periphery (community) in a ripple effect pattern (Figure 9.2).

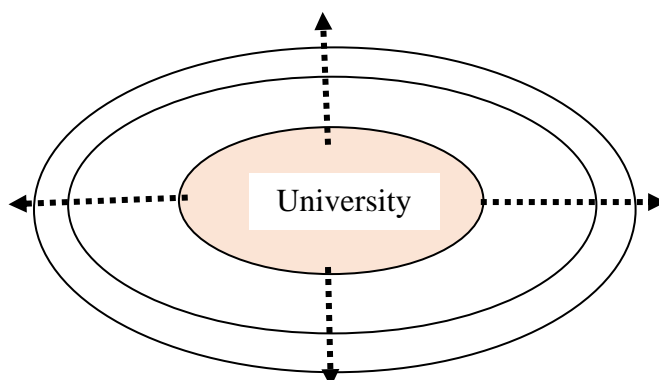


Figure 9.2. Shaded part represents the ripple effects of a university implementing CSR.

Proven research excellence⁷¹ and practical *sapiential authority*⁷² are other indicators of intellectual social responsibility. At the global level ISR is partly being driven by the “Academic Impact” initiative (AI)⁷³ (i.e. a global initiative that aligns institutions of higher learning with the United Nations in actively supporting the 10 universally accepted principles towards human development and human well-being), thus:

1. principles inherent in the UN Charter as values that education seeks to promote and help fulfil
2. human rights, like freedom of inquiry, opinion, and speech
3. educational opportunity for all people without any form of discrimination
4. the opportunity for every interested person to acquire skills and knowledge necessary for the pursuit of higher education
5. building capacity in higher education systems worldwide
6. encouraging global citizenship through education
7. advancing peace and conflict resolution through education
8. addressing issues of poverty through education
9. promoting sustainability through education

⁷¹ Having capacity and competence in attracting research funds and executing the research process to completion in conformity with international standards

⁷² The right to be listened to as a result of possessing specialist knowledge and expertise

⁷³ <https://academicimpact.un.org/>

10. promoting inter-cultural dialogue and understanding, and the “unlearning” of intolerance through education.

There is no doubt that intellectual social responsibility is a moral and ethical expectation. Every person entrusted with a public or private office to serve should make a deliberate effort to be responsible by making a positive difference and leaving behind a legacy in their place of work. The tendency to view an employee or employer who has left an organisation from the prism of “good riddance,” is often indicative of persons who most likely failed in their professional and social responsibilities when in active service. On the minimum individual intellectual responsibility in Kenya should be assessed on among others the following items:

1. Willingness to stand against bad governance at all levels.
2. Champion fidelity to the requirements of chapter 6 of the constitution on leadership and integrity.
3. Clear understanding and implementing development based on the philosophy of sustainability
4. Aligning and nurturing organisations’ visions, mission statements, and core values on the constitution and best practices around the world.
5. Familiarity with national and county development plans and blue prints.
6. Advocate for cultural and socio-political diversity as an asset for equitable development
7. Ability to engage other development and business stakeholders (local and international) for development
8. Research excellence as measured observable positive impact in the target community.
9. Courage to do the right thing when doing something the right way would undermine the greater common good.
10. Pro-active engagement in community outreach

Discussion Question
<ol style="list-style-type: none">1. Not challenging poor political governance and abuse of human rights is intellectual irresponsibility. Discuss.2. How can ISR be re-invigorated in Kenya’s institutions of higher learning??

10. Auditing Corporate Social Responsibility

If “good riddance” would describe the overall verdict of a community on the leadership of a business or service agency, its CSR would have been a disaster

Background

Literature does not have much on the status of Corporate Social Responsibility *viz-a-viz* Intellectual Social Responsibility in Kenya. Most forms of CSR seem to focus on charity or corporate philanthropy⁷⁴ which is wrongly equated to CSR. When it comes to accreditation, the Centre for Social Responsibility and Accountability Kenya (CESRA⁷⁵) appears to have made some progress in popularizing CSR in the country. It would appear as if firms' impact on governance, environment, labour relations, community relations and business environment from a charitable dimension is central with CESRA. The term charity undermines the ethos of CSR, which although not legally binding, should also not be done at the pleasure of firms. Charity tends to be *ad hoc* and may not focus on felt and priority needs as expressed by target communities. CESRA also appears to focus on small firms, whose overall impact dwarfs that of mega multi-national corporations operating in Kenya.

Further persistence of bad practices in corporate, institutional and political leadership in the nation would suggest the non-existence or very weak intellectual and professional responsibility as a culture. Media reports have consistently exposed such bad practices, which include among others conversion of riparian areas into real estate, littering and environmental pollution, garbage rivers, resource use conflicts and in particular land, crime and violation of human rights, run away mega corruption, increasing gap between the rich and the poor, and declining standards of education.

⁷⁴ Hit and run initiatives that are not sustainable

⁷⁵ <http://www.csrkenya.org/>

Good CSR practices have no limit. Each company can make its selection, preferably through consultation with target communities and ultimately make a huge positive impact that could be measured later. Regardless of the nature of company, corporation or business, the well-being of all people anywhere in the world revolve around the following five themes as described in the millennium ecosystems assessment framework of the united nations⁷⁶.

1. Having materially enough for a decent life
2. Enjoyment of good health
3. Enjoyment of security and peace for self and one's property
4. Having good social relations
5. Ability to make choices and preferences

All businesses can make a contribution to at least one aspect within each of the human well-being components. For instance, when it comes to having materially enough for a decent life, companies can work with communities to:

1. Enhance agricultural production
2. Marketing of farm produce
3. Affordable shelter programmes
4. Clean and affordable energy alternatives like improved cook stoves
5. Putting shoes and uniform on school-going children
6. Investment in community and school water projects
7. connect rural farmers through the internet for procuring agriculture products

For health, common interventions at the heart of most communities include:

1. Building health centres deep in villages where government services hardly reach
2. Equipping hospitals and clinics with requisite equipment
3. Allowing community members to access company health units for emergency health services
4. Investment in eco-toilets in slum areas
5. Mobilizing communities for environmental clean-ups on routine basis

⁷⁶ Millennium Ecosystem Assessment. 2005. Ecosystems and human well-being: synthesis, Island Press, Washington.

6. Running mobile clinics within marginalised communities
7. Organized medical camps, immunization programs and sanitization programs
8. Investing in healthcare and family welfare programs, including healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS
9. Initiating and supporting homes for the elderly
10. Investing in environmental conservation initiatives

In terms of security, corporations and business entities can among others:

1. Undertake to construct police posts or stations as an aspect of bring security close to the people
2. Donate vehicles and daily fuel needed by police posts within communities
3. Invest in security surveillance equipment in community and public places
4. Support security patrols within surrounding communities
5. Be first respondents to security threats within surrounding communities
6. Support community policing through various initiatives like the *nyumba kumi*⁷⁷
7. Support government by sharing intelligence

As far as social relations are concerned, firms and service agencies could:

1. Build and maintain social halls within communities,
2. Establish and fund social engagements like athletics and other forms of sports, which always bring people together and cement relations
3. Volunteer social services within confinement areas like prisons
4. Invest in educational support programmes like scholarships for needy students within communities,
5. Build and support running of schools within communities
6. Supporting homes for the homeless including working with authorities to address the social and security problem of street families

⁷⁷ About 10 households in the same area and working on common security initiatives as part of community policing

In terms of the ability to make choices and preferences, focus should be on how to eliminate powerlessness within communities. This aspect would need to focus on among others:

1. Awareness campaigns on community human and constitutional rights
2. Investing in civic education to empower the electorate on their political rights
3. Helping communities pursue justice on *pro bona* basis
4. Empowerment of communities in asset mobilization for own development
5. Promoting alternative income generation activities within communities.
6. Rolling out micro-credit facilities to empower communities in business ventures
7. Industrial training, including attachments and internship to build capacity and competences within the youth

Service industries that are conventionally non-profit making can similarly implement CSR practices consistent with their core mandate and the image they wish to be identified with within communities. As entrepreneurial universities, money can always be found to support some of the interventions listed above. More fundamentally universities as core service industries should play a leading role in the following interventions:

1. Ensuring that research findings deliver tangible benefits in target areas through strategic community engagement programmes
2. Business faculties to establish, manage and demonstrate business acumen, and also incubation and innovation centres for job and wealth creation
3. Through *sapiential* authority routinely play mentorship roles in schools and communities through awareness campaigns that address national aspirations
4. Than stay aloof, academia should pro-actively reclaim its role as think tanks for governments and business entities for national development
5. Shape the future socio-cultural and political landscape of the nation by encouraging robust debate in themes of national interest
6. Support research for development, driven by different schools. For instance, engineering departments could invest

- in solar powered security lighting and solar powered traffic control lights at junctions frequented by their students
7. Establish scholarship funds for building the next generation of academia and intellectuals
 8. Be the voice of professional ethics given the pedestal upon which society places university communities
 9. Adopt schools in their neighbourhood for targeted support
 10. Construct branded shades at bus stops to shield their students and other public transport users from rain and scorching sun
 11. Work with relevant county governments to implement county development agenda
 12. Open their health facilities to the public
 13. Monitor student mobility and internet use in the interest of intelligence sharing and crime prevention

It is on such practical aspects that the next section focus on the status of CSR in Kenya and how it could be assessed). While this thematic list in not exhaustive, its intension is to capture the popular business entities in Kenya and use them for benchmarking and as learning examples. Being a guide, readers are encouraged to identify the profit champions in the list provided in table 10.1 and assess their corporate social responsibility status and contribution to community well-being.

Table 10.1: Mock appraisal of CSR in selected Firms and Institutions in Kenya (Readers assignment)

Thematic Area	Remarks on CSR Practices	Source of Information
1. Agro-processing		
2. Banking Industry		
3. Cement Production		
4. Construction industry		
5. Cut Flower Industry		
6. Electric Energy Generation and Supply		
7. Foundations		
8. Hospitality and Tourism		
9. Insurance Companies		
10. Malls and Retail Shops		
11. Manufacturing and		

Thematic Area	Remarks on CSR Practices	Source of Information
Processing industry		
12. Mining and Petroleum Prospecting		
13. Security and Policing		
14. Telecommunications		
15. Transport Services		
16. Universities		
17. Waste Management		

Note: Various companies or business entities in the above categories can be appraised based on secondary data and the output validated based on primary data and sight inspection.

Since primary data may not be forthcoming, use of secondary data is a good point to start. Findings of such an assessment could provide critical discussions points on CSR policy, including the need to keep it voluntary or make it mandatory by law, by expecting companies to channel a certain percentage of their annual profit to verifiable CSR practices. In terms of medium sized companies, a list of the best 100 identified based on business excellence through growth, profitability and returns to shareholders, while maintaining a strong financial base for the year 2018 are provided at <https://biznakenya.com/top-100-companies-kenya/>. That CSR is missing in the criteria of assessment indicates that this philosophy is yet to be widely adopted in business practices. On the other hand, the biggest companies in Kenya are engaged in different sectors of the economy such as communication, financial services, manufacturing, transportation, and farming among other economic activities. The list of Kenyan companies by sector is basically classified into 5 categories which include private, international, registered, new companies and multinationals. It would be of interest to know the outcome of their CSR audit.

For purposes of this book, their CSR status is what readers are encouraged to cross-check and build their policy acumen on the future of CSR in this nation and greater Eastern Africa. Further the rather poor visibility of manufacturing, agro-processing, hospitality and civil engineering works given their potentially significant

impacts to people and the environment should be a policy concern.

Check-list for Auditing Firms and Institutions

The CSR audit checklist illustrated in table 10.2 below is derived from the principles of CSR and does not represent standard practice, but can form a basis for developing such a standard customised to national or county needs. This framework can be expanded to accommodate as much information as possible. The template can also be customised for any firm or institution, including service industries. For universities, ISO 9000 and ISO 14000 certifications, global ranking, performance on outreach and community service and outlook of immediate external community within a radius of 1-2 km from the university perimeter fence would be good indicators of the quality of CSR policy and practices in place.

Table 10.2 Possible CSR Audit Check-list

A: Item Audit question	Your Remarks
1. Does the firm have a CSR policy (Yes or No)	
2. If no why?	
3. If yes, is it operational (Yes or No)	
4. If No why?	
5. If yes, which components are covered? (Pick from policy)	
B: Specific thematic areas	
B1: Product/service stewardship: <ol style="list-style-type: none"> a. Are the products fully described? b. Is there evidence of product/service safety? c. Is pricing ethical and competitive? d. Is advertising misleading, offensive unethical? e. Is there evidence that personal data is safeguarded? f. What do suppliers say about the firm? 	
B2: Financial performance <ol style="list-style-type: none"> a. Is the firm liquid? b. Is the profit goal being realised? c. How is financial reporting done? 	
B3: Workplace welfare <ol style="list-style-type: none"> a. Is the working environment socially and 	

<p>psychologically good?</p> <ul style="list-style-type: none"> b. Does the firm provide equal opportunities for all people regardless of sex and other factors? c. Are remunerations and benefits competitive and fair? d. Are diversity and human rights respected? e. Does training, education and re-tooling of staff exist? f. How are labour and management relationships handled? g. Do workers go on leave? h. How are disciplinary practices done? 	
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<p>B4: Environmental stewardship</p> <ul style="list-style-type: none"> a. What does the current state of the biophysical environment communicate? b. Does the firm have an environmental officer? c. Does the firm have an environmental policy? d. Is the firm ISO 1400 certified? e. Does the firm/organisation undertake yearly environmental audits as required by law? f. Are employees and employers aware and committed to established environmental management guidelines? g. What is the perception of the external community about the firm's (institution's) environmental practices? 	
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<p>B5: Community Engagement</p> <ul style="list-style-type: none"> a. Does the firm have a negotiated community engagement programme? b. Which institutions for engagement with community exist? c. Which initiatives within the community does the firm support? d. To what extent do employees volunteer in community outreach? e. How would you rate the firm in terms of charitable giving in response to random needs/events in the community? f. How does the surrounding community view the firm? 	
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<p>B6: CSR reporting</p> <ul style="list-style-type: none"> a. Are reporting documents available and open to external inspection? b. Is reporting single or triple bottom line c. Is a detailed standard format used? d. Is the reporting regular or <i>ad hoc</i>? 	
<p>B7: Corporate governance</p> <ul style="list-style-type: none"> a. Has top management embraced CSR? b. Which working culture exists in the firm (organisation)? c. What is the general feeling of employees about the firm? 	
<p>C: Overall Expert Opinion</p>	
<ul style="list-style-type: none"> a. Would you recommend this firm for CSR certification? b. Would you rate this institution as intellectually responsible? c. If yes, point out the firm's/institution's strengths d. If no, indicate and explain areas that need improvement 	

At this tail end, it is assumed that the philosophy and practice of CSR and ISR are well understood. The themes in Box 9.3 provide the reader with the possibility to assess his or her understanding of CSR and ISR and their reality or absence in business, public order and development practice in Kenya. As a champion of constitutional and democratic values in the eastern Africa region, Kenya needs to be on the right side of history by progressively and continuously making improvements in environmental performance and social welfare.

<p>Box 10.3. The Conscience Punch Line</p>
<ul style="list-style-type: none"> 1. What do the following observations reveal in the context of CSR and ISR in Kenya? <ul style="list-style-type: none"> a. Air pollution from toxic industrial emissions b. Brain drain and brains in the drain c. Brutal demolition of homes by state agencies or hired goons d. Chaotic motoring and public transport sector e. Collapse of agro-processing industries f. Deaths from preventable diseases g. Deforestation and loss of biodiversity h. Dilapidated transport infrastructure especially roads i. Electoral fraud and violence j. Exploding graduate youth unemployment k. Fire disasters at business premises and schools l. Food losses, wastage and poisoning

- m. Garbage/sewage rivers, streams and lakes
 - n. Higher education devoid of consistent and incremental positive impact
 - o. High occupational safety and health risks
 - p. Human-wildlife conflicts
 - q. Industrial actions and strikes
 - r. Land grabbing and resource use conflicts
 - s. Loss of prime agricultural land and wetlands to real estate
 - t. Negative ethnicity and lack of a national culture
 - u. Oppressive tax regime
 - v. Opulence within state functionalism
 - w. Police brutality and violation of civilian rights
 - x. Proliferation of deplorable slum settlements
 - y. Unaccountable justice systems
 - z. Unpunished mega corruption
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- 2. What would an independent audit of your organisation reveal in terms of CSR and ISR?
 - 3. Discuss the assertion that going forward, CSR should shift from being voluntary to being legally binding
 - 4. How would you conceptualise and measure (i) corporate social irresponsibility, and (ii) intellectual social irresponsibility?
 - 5. Explain where the back should stop at various levels of CSR and ISR.

11. Conclusions

“Doing unethical business or providing services in unethical ways is a betrayal of public trust”

Societal development scenario has conventionally assumed the following pattern: Subsistence farming, Commercial farming, Agro-industrialization, Manufacturing industry, Service industry and now the Information and Communication age. In all these phases, wealth and job creation practices are key outcomes, which ultimately impact the environment, livelihoods and human well-being in various ways. In the context of CSR and ISR, the development process should fit the sustainability philosophy as humanly practical. In Kenya, self-employment through a variety of business innovations, especially the small and medium scale enterprises will play a leading role in youth employment and empowerment. Big corporations too will continue leading the pack in mega profit-making initiatives.

While this trend for the future is good, sustainable livelihoods will only be achieved if such anthropogenic activities for survival safeguard environmental integrity and social welfare. The triple bottom line approach to business performance that simultaneously ensures economic, social and ecological sustainability is the model this millennium needs. As such both big and small firms must deliberately invest in ethical business models, which is the essence of corporate social responsibility. Although many corporations should be commended for attempting to consistently give back to society in various ways, their hit and run approaches are often not based on community felt needs, and hence not a true representation of corporate social responsibility. At best such benevolence initiatives are part of corporate philanthropy. Business entities need to graduate from corporate philanthropy to corporate social responsibility. The latter is structured, long-term, community-driven and therefore sustainable.

Since community needs are diverse and keep evolving, CSR policies need to be anchored on honest participation of the target

community. Ultimately as communities prosper, so do business entities. The relationship must remain a win-win type as the business, entities takes the lead in engaging the community. Given the potentially huge impact CSR could make to community and national development, dialogue to make it mandatory with appropriate incentives to business entities needs to be negotiated and established. For instance, a firm that invests a certain percentage of its profits in CSR could be given some commensurate tax exemptions. While each company or corporation or agency could make key contributions in their areas of business or service specialization, and whereas areas of intervention are also diverse and represent various felt needs across communities, most communities in Kenya would benefit immensely if they were supported to address among others the following key challenges:

1. Affordable domestic energy options
2. Community water supply and sanitation
3. Cultural transformation away from retrogressive believes like cattle rustling, genital female mutilation and religious capture and indoctrination
4. Educational support through scholarship funds, educational infrastructure and internship opportunities.
5. Enhancement of environmental health through initiatives like clean-ups, tree planting and non-polluting industrial activities
6. Feeder roads to open up remote areas to business possibilities
7. Public transport that is safe and reliable
8. Primary health care and regular community medical camps
9. Security of people and their property
10. Youth programmes like talent development, sports, athletics, music and professional performances

A key driver of CSR is intellectual social responsibility, which basically is indicative of the quality of human resources rolled out from learning institutions. Quality in this sense means having the ability to address societal development challenges based on the philosophy of sustainability. There is a need for a paradigm shift in conventional education and vocational training from mere capacity development to ethics-based competence development for wealth and job creation. An area that has received little attention in CSR

and ISR is establishment and implementation of an AWARD system to honour firms and individuals who make good effort in ethical business and service delivery. For instance, the “Best CSR Company (Corporation) of the Year” would be measured along the main principles of CSR. Another AWARD system could focus on service industries like Universities, hence ISR.

Ultimately CSR and ISR that would impact communities and the nation positively and for a long time depend on the political and corporate leadership in place. Government is responsible for policy formulation and implementation of the requisite environment to leverage on the same. As indicated earlier in this book, India has made CSR mandatory. There must be lessons Kenya could learn from other nations around the globe that are enjoying the benefits of CSR.

Ethical business means working transparently to make money, while at the same time investing in welfare of people and also safeguarding the health of their biophysical environment intra and inter-generation. CSR and ISR are indicative of responsible leadership in business and human resource management. While the buck stops at the top leadership, positive multiplier effect must trickle to the very bottom.

12: Glossary

- Academic Impact:** Intellectualism having a positive and verifiable contribution to sustainable development agenda.
- Auditing:** Checking on the performance of an entity or system based on a set of performance indicators
- Biochemical Oxygen Demand:** Also called **Biological Oxygen Demand**, is a measurement of the amount of dissolved oxygen (DO) that is used by aerobic microorganisms when decomposing organic matter in water. It is thus a measure of organic load pollution in water.
- Business:** Art of making money and creating wealth through trade and commerce
- Capital Model Concept:** Visualizing the basic economic production function from an environmental perspective, wherein the factors of production are natural capital, social capital, human capital, financial capital and physical capital
- Chemical Oxygen Demand:** Is the total measurement of all chemicals in the water that can be oxidized.
- Clean Development:** Development with insignificant negative impacts to the environment
- Community Engagement:** Honest engagement and participation of target communities in CSR interventions
- Corporate Social Responsibility:** Doing business ethically
- Deep Ecologism:** Being so overly protective of nature at the expense of human economic and social needs
- Designed for the Environment:** Technology or human activity that is both environment and people friendly
- Ecological Footprints:** The pressure exerted on the environment as a factor of production and sink of wastes in pursuit of meeting human needs and wants
- Entrepreneurship:** The process of designing, launching and running a new business, which is often initially a small business.
- Environment:** The sum total of nature and its components, including the built components
- Frontier Economism:** Tendency to pursue profit maximization at the expense of social welfare and environmental integrity

Human Wellbeing: A context-based state of having materially enough for a decent life, enjoying good health, feeling safe and secure, having good social relations and ability to make choices and preferences.

Industrial Ecology: Study of material and energy flow in industrial and service systems

Intellectual Social Responsibility: Ability to translate capacity and competence into positive impact within society.

ISO Certification: Assurance that a firm is rich in quality management systems for both customers and their biophysical environment.

Life Cycle Approaches: Looking at products and services through their entire life cycle – from cradle to cradle.

Mutual Gains Approach to Negotiations: Dialogue occasioned by competing interests in pursuit of win-win outcomes

Pollution Safe Havens: Tendency to invest polluting profit activities in developing countries

Poverty: State of ill-being characterised by lack of material for a decent life, propensity for poor health, isolation, vulnerability, powerlessness

Public Trust: A call to ethical servant hood to the public that pays one a salary

Quality Management Systems: Protocols that allow firms, organisations, corporations to deliver quality services and products in the context of sustainability philosophy.

Resource stewardship: Using resources wisely, bearing in mind their scarcity and the need to safe guard the future.

Sustainability: Imaginary point of consensus where economic, social and environmental objectives are thought to be balanced, with none being antagonistic to the other.

Triple-bottom line: Business reporting based on the three spheres of sustainability: profits, social welfare and environmental stewardship

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