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**The Role of Multinational Business  
Corporations to Sustainable  
Development:  
The Case of Tanzania Tobacco  
Processing Ltd**

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Master of Science in International Relations

**THE ROLE OF MULTINATIONAL BUSINESS CORPORATIONS TO SUSTAINABLE  
DEVELOPMENT:**

**The Case of Tanzania Tobacco Processing Ltd**

**RESEARCH REPORT**

**GRACE SAMBALA**

**2016**

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**Declaration**

I, Grace Sambala Lawrence, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature.....*G. Sambala*  
Date.....*15/08/2016*

## **Abstract**

There is a certain tension between MNCs and the local environment where these MNCs operate. Depending on where in the world the company acts, where it sells and produces its products, frequently there are different culture, values, beliefs and social patterns. To overcome the tension between the two actors, principles and codes of conduct can be seen as a response to reduce this tension between the communities and companies. Most of MNCs have principles on Corporate Social Responsibility (CSR), where they have to help the communities in development process.

The main objective of this study is to examine the role of multinational corporations on sustainable development with the specific focus on Tanzania Tobacco Processing Company (TTPL). The study was conducted in Morogoro municipality and Sikonge district in Tabora region. The study approaches were both qualitative and quantitative. The respondents were 100 in number. They were approached to give the required information through questionnaires and interviews.

The study looked at how TTPL helps the community to achieve sustainable development through CSR. In exploring the efforts made by TTPL to figure out and maintain sustainable development, the study explore first on how TTPL helps to sustain the wellbeing of its employees. It was found that TTPL invested in its employees by increasing human capital and in the society through commitments to Corporate Social Responsibility. It was revealed to the study that TTPL increased human capital through job rotation, mentoring, coaching, job context, job content and job enrichment. The increased human capital resulted to employees' motivation something essential for improving organisation performance. The CSR extended to community's health, education and environmental sectors. In these areas, TTPL had established development projects for the good of the communities in which it was operating.

However, it was found that there were little and inactive participation and involvement of the community members in the established development projects especially in the early stages of the projects. TTPL involve community leaders who act as the representatives of the whole community during the decision-making process. These community leaders do not have any say in this meetings; they attend just to bring feedback to the community. The inactive or low participation

of the community members is dangerous to the sustainability of the established and implemented projects. For the projects to be sustainable community members must be involvement right from the beginning of the project this is due to the fact that, it is the society members who know what they need the most when it comes to poverty eradication.

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## **Abbreviations and acronyms**

AOTTL	Alliance One Tanzania Ltd
CSR	Corporate Social Responsibility
FDIs	Foreign Direct Investments
GDP	Gross Domestic Product
IMF	International Monetary Fund
MNCs	Multinational Corporations
PATL	Premium Active Tanzania Ltd
SAPs	Structural Adjustment Programmes
SPSS	Statistical Package for Social Science
TLTC	Tanzania Leaf Tobacco Company
TTPL	Tanzania Tobacco Processors Limited
ULC	Universal Leaf Corporation
WB	World Bank
WBCSD	World Business Council for Sustainable Development



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## **CHAPTER ONE**

### **BACKGROUND INFORMATION**

#### **1.1 General research introduction**

There are parallels between multinational corporations (MNCs) and sustainable community development in spite of the debates that have existed for some decades on the subject matter. There has been a gradual shift since the late 1990s in the conceptualization of business – society relationship from what (Muthuri et al., 2012) names business and society to business in the society which has brought room for the rethinking of the role of the MNCs to the sustainable development of the members of the community.

In today's business environment, sustainability is the main agenda discussed, and it is an important factor to determine the successes or/and failures of business in both developing and developed countries (Baharin & Sentosa, 2012). Sustainable development practices essentially have been in most cases responsible for creating new markets, products and demand to drive new business models necessary for innovation (Makinde, 2013). The sustainable development in the economies regularly depends on the provision of general access to social welfare services and satisfactory educational standards and, the implementation of best management practices and techniques in business and government, and the promotion of certified expertise (Baharin & Sentosa, 2012).

Multinational companies (MNCs) have been of importance in the economic arena since they are engines of global economic development, technological transfer and deepening globalisation. They are multinationals because they have grown not only within their domestic corporate framework but also they have established new subsidiaries in host economies and by purchasing branches through mergers and acquisitions. This all has been possible as the result of technological advancement, high rate of globalization, deregulation and alleviation of restrictions that have caused significant structural changes across the globe (Muringaseril, 2007). Business enterprises tend to cross borders to expand to other countries with their headquarters in one country while spreading their branches in other nations so that to be able to face the intensified competition in

their business fields. Through various foreign affiliated entities, which are geographically dispersed and partly goal disparate, business entities face increased multipoint or hyper-competition since they expand across geographical and economic borders not only to peculiarly exploit arbitrages but also to explore and advantageously benefit from differences of dynamic location.

Multinational corporations are very crucial sources of Foreign Direct Investments (FDI's) specifically for the third world countries and for the developed economies, from where most of the MNCs originate since they are catalysts for their home and their host economic growth. The World Business Council for Sustainable Development (WBCSD) in their 2005 report specifically mentioned, *“By 2050, 85% of world’s nine billion populations will be living in the developing countries. If these people are not engaged in the marketplace, our companies cannot prosper and the benefits of a global market will not exist”* (Baharin & Sentosa, 2012, p. 1).

In the context of Tanzania, FDI is overall a remarkably successful despite the fact that it was not welcome during the socialist (*ujamaa*<sup>1</sup>) period (1967 – late 1980s) when it averaged only a third of a million dollars a year. However, things changed in the early 1990s, when FDI averaged \$46 million a year (\$9 per \$1,000 in GDP). In the mid-1990s that it really took off, reaching \$260million per annum (\$32 per \$1,000 in GDP) in the period 1996–2000. Apart from an exceptional increase in 2001, it has more or less remained at the \$250-million level (United Nations, 2005). A large percentage of FDI, perhaps as much as two-thirds, has gone into mining. Today the MNCs have trickled into such sectors as, mining, banking, insurance, manufacturing, consultancy, construction, hotels and others. In this regard, Tanzania is considered to have succeeded in attracting multi-national corporations.

Multinational corporations in Tanzania have shown positive impact on the people’s social life and economic aspects in the country. They have transferred technologies, capital and the culture of entrepreneurship among the citizens of Tanzania. They have increased investment levels and income among the citizens of Tanzania; they have promoted improvement in their immediate

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<sup>1</sup>Ujamaa is an African socialism (Philosophy) which means familyhood (brotherhood or sisterhood). It was found by the first president of Tanzania, the late Mwalimu Julius Nyerere

environment. They have created access to high-quality managerial skills due to increased technology and interactions as well as intercultural values. They improved the balance of payments in the country by increasing exports and to some extent decreasing imports. They have also helped to equalise the costs of factors of production. They have also stimulated domestic production and enhanced efficiency and effectiveness in the manufacturing process, and they have stimulated positive responses from local operators.

The role of MNCs in sustainable development is a critical topic especially for Tanzania and other African countries where investments are still growing and there many opportunities that still need to be utilised. There are possibilities in the natural resources such as mining; suitable and fertile land for agriculture (both farming and animal husbandry); water sources such as rivers, lakes, seas and oceans; forests; game reserves and national parks; trading opportunities and many others.

In Tanzania, tobacco production is a crucial source of income to more than 70,000 farmers, mostly smallholder and foreign exchange to the government (Sumila, 2013). The most famous firms dealing with tobacco in the country are Tanzania Tobacco Processors Limited (TTPL) and Tanzania Leaf Tobacco Company (TLTC). These are the sister tobacco companies, both based in Morogoro, Tanzania. TLTC provides extension services in line with the sustenance of environment to villages in the regions of Tabora, Ruvuma and Mbeya. On the other hand, TTPL remains the processor of the tobacco collected by TLTC from farmers.

TTPL has been operating in Tanzania for some years. It has been functioning as the tobacco processor as an MNC. Its role in the sustainable development is not known. This study goes to reveal the possible contribution of TTPL as one of MNCs operating in Tanzania to sustainable development.

## **1.2 Problem statement**

The primary concern of this research is to understand better how MNCs seek to innovate in their efforts to address sustainable community development issues in Tanzania. The study chiefly aims to understand how far TTPL as one of MNCs tends to meet the expectations of the government, civil societies and communities in which they are operating. One of the key arguments in our contemporary world is that Western MNCs are often attracted to developing countries like

Tanzania because of their abundance of natural resources, cheap labour, and weak governance structures (Muthuri *et al.*, 2012). This argument is based on the premise that most of the MNCs especially in the developing countries are not for the benefit of the societies they are working in but for their generation of supreme profits.

Tanzania like other developing countries adopted the Structural Adjustment Programmes (SAPs) in the 1980s with the aim of integrating the macroeconomic stabilization policies alongside policies to promote increased inward FDI. The most important element of these programmes was economic liberalization, and the divestiture of the state-owned industrial concerns. The FDI scope has grown liberalization and privatization programmes. Some domestic and foreign (multinationals) business entities found the favourable environment for investment. The programmes have increased to the present. Is the question, do multinationals contribute anything to sustainable community development? This issue demands answers from the multinationals with the focus on the Tanzania Tobacco Processing Company Ltd (TTPL). The parent company of TTPL is Universal Leaf Corporation (ULC) based in the US. This study mainly aims at answering the question of whether the business activities done by the TTPL do support the sustainable development concept in both countries of origin and host country (Tanzania).

### **1.3 Research objective and questions**

The primary objective of this study is to examine the role of multinational corporations in sustainable community development with the particular focus on Tanzania Tobacco Processing Company (TTPL). The study aims to review the initiatives of the TTPL to make sure that sustainable development is attained for both its country of origin and the host country community. TTPL is one of the MNCs in Tanzania, which have introduced Corporate Social Responsibility (CSR) in the country. There are assumptions that companies that trade more with westernized countries might be expected to raise their levels of CSR (Muthuri *et al.*, 2012). It is through CSR activities that TTPL might have contributed to sustainable community development.



### **1.3.1 Objective 1**

#### ***To identify the ways employed by TTPL to increase human capital***

The study was interested in investigating the methods/ways used by TTPL to increase its employees' knowledge, skills and experience in their work they were attending. Further, the research sought to know how the methods to increase human capital were managed by TTPL. The research questions on this section were;

- i. What are the ways used by TTPL to increase human capital among the employees?*
- ii. How is the process of enhancing the human capital managed by TTPL?*

### **1.3.2 Objective 2**

#### ***To examine the effectiveness of the ways used by TTPL to increase human capital***

The research was interested in examining the fruitfulness of the ways used by TTPL to increase human capital. Additionally, the study longed to know the extent to which methods employed by TTPL to increase human capital enabled to motivate the employees. Under this section the research questions were;

- i. How far did the increased human capital motivate the employees?*
- ii. To what extent was employees perceptions improved by the increased human capital?*
- iii. To what extent the increased human capital augmented staff morale to work independently?*

### **1.3.3 Objective 3**

#### ***To determine the community engagement in the Corporate Social Responsibility (CSR) activities performed by TTPL***

The study sought to know the efforts made by TTPL to make its commitments to the society sustainable development. The study identified the Corporate Social Responsibility (CSR) activities done by TTPL for the surrounding communities. Additionally, the study explored the ways the

community members were involved in decision making regarding the commitments to be done by TTPL in the surrounding communities. The guiding questions were;

- i. *What are CSR activities performed by TTPL as its commitment to the development of the surrounding communities?*
- ii. *What are the efforts made by TTPL to ensure the commitments to the community become sustainable?*
- iii. *How far are the community members involved in the decision making of the CSR to be performed by TTPL?*

#### **1.4 Research outline**

This study was made up of five chapters. The first chapter provides the introduction and aims of the study. It is the section that gives the background information to the study. It is from which the problem is stated. The chapter also presents the problem statement, the specific objectives and research questions that were used to analyse and present the results in chapter four.

The second chapter provides the theoretical background and literature reviews on the question of multinationals in general, TTPL, Corporate Social Responsibility (CSR) and community relations. The chapter is divided into theoretical and empirical literature review. The academic literature review provides the theories related to the study. The empirical literature review, on the other hand, presents the evidence of other studies related to this research. Both theoretical and empirical literature leads the research to find a gap that was to be filled by this study.

The third chapter deals with research methodology. The research methodology gives the blueprint of all procedures to be followed to collect the relevant information. Also, data analysis is indicated in this chapter. Mostly, this section shows the ways and tools the study used to obtain and analyse data. It also shows the ethical consideration that the study observes in data collection.

Chapter four present the results of the research and discusses these findings while contrasting them with existing literature. The results are submitted and reviewed in line with the research objectives of the study.

The conclusion is given in chapter five. The conclusion in this chapter is drawn from the findings presented and discussed in the chapter four. The section also presents the recommendations that are deduced from the results. The recommendations are directed to TTPL, employees and the government.

## CHAPTER TWO

### THEORETICAL BACKGROUND: LITERATURE

#### 2.1 Multinational Corporations in the developing countries

Since the late 1980s the developing countries have attracted a significant portion of global Foreign Direct Investments (FDIs), due to their adoption and implementation of Structural Adjustment Programs (SAPs)<sup>2</sup>. Their governments have reduced their interference and control in the national economy. The governments of such countries have been competing fiercely for enticing Multinational Corporations (MNCs) in the expectation of the advantages they will bring to their economies, often prioritizing economic goals over sustainable development. For long, economists have analyzed the economic impacts of MNCs, although a similar strand of work in business ethics, political science, and international law investigates the repercussions MNC operations have on human rights.

Makinde (2013) introduces two theoretical strains concerning the slow or underdevelopment of developing countries. The first theoretical strain which Baharin and Sentosa (2012: p. 3) terms as the Corporate Social Responsibility (CSR) school that believes multinationals are not agents of their stakeholders to the developing countries, but genuine responsible corporate citizens. This theoretical views claims that developing countries especially most of the African countries are underdeveloped due to economic and political features of developing countries and the way these thoughts have changed over time in response to both internal pressures and world events. This theory argues that the low economic and development growth rate is due to internal factors such as political instability, uncertain property rights, and erroneous economic policies. The premise of this argument is that most of the developing nations in one way or another are involved in political instability that their governments do not have time to think about development issues; and the infrastructures that are made are just destroyed by bombs and heavy weapons during civil wars. According to this argument, the Sub-Saharan Africa has been comparably the most difficult for

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<sup>2</sup> SAPs are the economic policies that were promoted by the World Bank and International Monetary Fund (IMF) in early 1980s especially to the countries that faced economic crises

the multinationals to conduct business (Broadman, 2009). Also the creativity of some people in the developing countries is not or less appreciated and insecure. This discourages creativity and innovation of some people in these developing countries. The economic policies in the developing countries have problems in themselves that they mostly not focused on the people's problems but rather they are copied from the developed countries to be implemented in the environment that does not fit them. At the same time the leaders and the people concerned do not manage the policies appropriately due to either poor skills or other factors such as laziness.

The second theoretical strain's Baharin and Sentosa (2012) terms it as anti-globalization school which believes that multinationals are not good for the economy, society and environment. The main argument here is that underdevelopment in the developing countries is the result of differential distribution of power between the industrialized and developed countries of the centre and the developing countries of the periphery. The MNCs are conceived as the major economic agents with the interest of maintaining the differences in development. Additionally, Muthuri *et al* (2012) argues that the abundance of natural resources, cheap labor and weak governance structure attracts western MNCs. Nevertheless globalization of communications also means that a business-as-usual approach by MNCs is no longer risk free, given that corporate delinquencies are often broadcast in real time to socially aware consumers and investors at home and abroad. In rare cases Multinationals have adjusted or revolutionized in their strategies in response to competition from locally-owned firms, since there has been a very limited competition in the developing countries. The notable exceptions occurred in some countries like China, where local firms succeeded in challenging Western banks, trading and shipping companies in India, where a contemporary cotton fabric manufacturing industry was created by the minor Parsee indigenous group; this also happened in some Latin American countries but not in African countries.

Africa has not been the primary focus of the FDIs as it receives only about 5 percent of the world's total FDI inflow (van der Lugt et al., 2011). However, the same Africa especially the Sub-Saharan Africa has witnessed the more rapid growing economies in recent years than any other time in its history. Forstater et al., (2010, p. 8) presents the empirical data between 2001 and 2008 that, African economies grew at an increasing rate, averaging over 6% for the period. In 2010 the

average economic growth rate across the continent overtook both Brazil and India. This rate of growth and development is unprecedented in recent history and has the potential for lifting millions across the continent out of poverty and moving communities and nations towards self-sustained livelihoods and economies. The rapid economic growth in Africa has attracted the attention of investors to invest in Africa. In recent years, investors from emerging economies have joined traditional investors in Africa. China has been the significant investor in Africa over the past few years. It was noted by Forstater et al. (2010: p. 8) that the trade between Africa and China in the years 2000 to 2005 grew from 11 US billion dollars to 40 US billion dollars with China becoming the third largest trading partner of Africa (after the US and EU). Trade between Africa and China reached US\$ 106.8 billion in 2008. One unofficial estimate suggests that more than 2,000 Chinese companies had established African branches by the end of 2008, including many small enterprises as well as large state-owned enterprises. The growing dependence of the African economy on trade and investment with China is suggested by the correlation between economic growth in Africa and China since 1999.

There is a linkage between FDI spread all around Africa and the question of poverty reduction. For the most cases, the primary focus of the FDI in Africa has been to generate benefit for the investors. Private companies have paid little attention to the question of poverty reduction, but the impact of the FDI in poverty alleviation in most cases has been indirect. Most of the multinationals planted in Africa have been building the long-term environment to continue their business and have markets for their products.

## **2.2 Multinational Corporations and Corporate Social Responsibility**

Multinational Corporations cannot avoid Corporate Social Responsibility in their efforts of investing in the society for sustainability. Corporate social responsibility (CSR) has to be initiated voluntarily as part of business toward contribution to greener and cleaner environment and a better society. According to Carrol and Shabana (2010), firms have responsibilities to communities including legal, ethical, economic and philanthropic. MNCs have a tacit social contract between their business and society; the contract bestows certain rights in exchange for certain responsibilities (Buhr, 1998). Broadly speaking, CSR describes the relationship between the business and the society as it can be reached.

According to Ararat (2006), Corporate Social Responsibility (CSR) concerns itself with the commitment of an entity corporate to achieve and improve the environmental, economic and social implications of its actions at the firm in all levels; locally, regionally and internationally. CSR can be used as an outline through which business or companies engage in multi-stakeholder partnerships for justifiable development of a particular country or community. To include environment and society the notion of the "triple bottom line" increases in the traditional term "the bottom line" for a better understanding of the importance of culture and environment.

In addition, Grunig (2006) refers to Corporate Social Responsibility (CSR) as companies, to both stakeholders and shareholders in order to utilize resources, for their means of production, for handling workers and consumers, for their influence on the social and ecological environment in which they function and for the way in which they exercise their law-making and fiduciary duties

Ferdous and Moniruzzaman (2013) views CSR as a whole set of rules, programs and practices that are unified into business operations, decision making and supply chains processes throughout the firm and include responsibilities for current and past actions as well as adequate attention to future impacts. However, the focus of CSR can differ from one company to another due to differences in business type, the size of the company and its business, and even by geographic region where the business is located. The area of CSR is quite large, and it comprises of all the right practices that escalates the business profitability and can preserve the interest of all stakeholders. CSR has become a corporate behaviour and management philosophy that an increasing number of firms worldwide choose to adopt (Carroll and Shabana, 2010).

Hillman and Keim (2001) identify four components of CSR: economic responsibilities to investors and consumers; legal responsibilities; ethical responsibilities to the society; and accountability to the community in which the company undertakes business. Thus, CSR integrates the interactions of social pro-activeness and social responsiveness.

### **2.3 Dimensional aspects of CSR**

Corporate Social Responsibility is the expected responsibility of business to stakeholders and the society at large. It is a voluntary initiative on the part of a business to contribute to a better society and a greener and cleaner environment. The term socially responsible means to maximise the

benefits during the development process and reduce the adverse effects on society (Williamson et al., 2006). Essentially, the fundamental purpose of corporate social responsibility (CSR) is to make corporate business action and company culture sustainable in dimensional aspects (Uddin et al., 2008). The dimensions of CSR are discussed below;

#### **a) Legal dimension of CSR**

This dimension of CSR relates to compliance with regulations, principals and laws that are established by the authorities, which set certain standards for responsible behaviour – the codification of what society tend to pursue as right or wrong. The reason why to legal regulation of businesses are made is that the communities, including legislators, consumers, interest groups and competitors, cannot be confident that businesses do what is right in a particular field, such as consumer or environment protection. This lack of confidence is the strength of legal size (Nicolae and Sabina, 2010. p.238).

In Tanzania, the legal framework of corporate social responsibility is found mainly in Companies Act of 2002 which came into force in 2006 though indirectly because CSR presupposes the tacit social contract between the firm and society; the contract confers individual rights in exchange for certain responsibilities (Donaldson and Dunfee, 1999). Also, the Companies Act places duties to directors to observe national laws and makes some conduct of the director's personal liabilities. In the Steering Committee Guidelines on Corporate Governance of 2000 managers are called upon to recognise the legitimate rights of the corporations' stakeholders including investors, suppliers, creditors, employees and society as a whole (Principle 8). Corporate decision-makers are also called upon in the guidelines to institute codes of ethics which should explain the values of the corporation and set the framework for the organisation's policy and behaviour as the central feature of effective corporate governance (Principle 1). The notions of "fairness" and "equity" are emphasised in Principle 5 as guiding principles in the decision-making process involving employment, the protection of the environment, gender interests, children's rights and the rights of vulnerable groups in society. The question of corporate social responsibility is also found in the income tax Act. The Income-tax Act obliges companies to ensure they pay taxes which are meant to be used for development projects in the country.



## **b) Economic dimensions of CSR**

This aspect of CSR comprises of understanding the economic impacts of the company's operations. In the most discussions on CRS economic issues have long been unnoticed due to different reasons. The Economic dimension of CSR can be defined as the distribution of the resources of production of goods and services within the social system (Rahman, 2011). The economic dimension of the sustainability agenda should reasonably reflect the direct and indirect economic impacts that the organisation's operations have on the community it operates and on the company's stakeholders (Uddin et al., 2008). For Johnson (1971, p. 68) "*a socially responsible entrepreneur or manager is one who has a utility function of the second type, such that he is interested not only in his well-being but also in that of the other members of the enterprise and that of his fellow citizens*". Some people tend to assume that CSR is an obstacle towards the achievements of firm's economic goals but in the long run, CSR just calls for customers' satisfaction and economic opportunities. CSR is an opportunity and can be the foundation of the economic development of firms regarding competitive advantage in the global market, which is quite opposite of being a threat to businesses economic development (Uddin et al., 2008).

## **c) Ethical dimension of CSR**

It is a well-known fact that MNCs have and undertake businesses in cultural diversities. It is essential for both the firm and the community to have ethical measures to be observed in a culture where the company conducts its business. The moral dimension of CSR refers to behaviours and activities that are acceptable or forbidden by community, society and organisation members even if they are not categorised by law. This is because the fundamental mission of any business is to produce goods and services with benefit, making the business to achieve its maximum contribution to the community and, in fact, to be socially responsible and acceptable. The company achieves that by including ethics in businesses strategy. Social responsibility therefore, as a concept, is incorporated into daily decision making (Rahman, 2011).

Ethical dimension leads to a mutual relationship between the firm and the community members. All the business requires the positive relationship between the two parties. *Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and*

*competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance (Rahman, 2011, p. 171)*

#### **d) Philanthropic dimension of CSR**

The philanthropic dimension of CSR refers to companies contributing money or other helpful resources to the local communities (Nicolae and Sabina, 2010). It offers some benefits to society. First, the philanthropic dimension improves standards of life. Through charitable acts the community makes there an area where customers want to do business and employees want to raise their families. Nevertheless, it reduces the extent of government participation in charity offering to people with genuine needs. The philanthropic dimension also helps in building the staff moral principles and self-discipline. Employees who are volunteering in some community activities example planting trees and cleaning of the environment have better opinions and feel good about themselves, their company and community as a whole (Nicolae and Sabina, 2010). Corporate Social Responsibility offer its commitment to behave ethically and help in the contribution of sustainable economic development while improving the standard of life of the staff and their families as well as of the local community as a whole (Rahman, 2011). This is to mean that the vital and primary purpose of corporate social responsibility is to create wealth and profit maximisation in a legal and ethical way. This interprets to bringing a high level of gratification to five constituencies which are employees, customers, investors, vendors and the society. The Prediction, sustainability and profitability of revenues year after year is being insured by the ethical creation of wealth and profits for the corporate body.

#### **e) Social dimensions of CSR**

Social responsibility is the latest of the three dimensions of corporate social responsibility and past few decades this aspect has gained popularity than it has previously had. The element includes the people within the firm, in the supply chain of the enterprise, in the community the company is in and as customers of the company which mean the whole lot of stakeholder. It maintains such issues as the well-being and durability of goods and services. It also embraces the standard of products

before and after sales service, quick and considerate attention to queries and complaints about adequate supply of goods or services. And always making sure there are fair standards of advertising and trading (Uddin et al., 2008). For the company to become more productive and competitive, it needs to come up with broader expectations that today's employees have for the quality of their daily working routine. Such prospects include taking care of the workforces' welfare and safety at work and safeguarding their skills and motivation for the work (Nicolae and Sabina, 2010). Furthermore, most of the companies depend on the well-being, stability, and prosperity of the communities in which they operate for its survival. Many companies become involved in community causes, for example by providing additional vocational training places, employing socially excluded people, supporting local games, sports and cultural events, and through partnerships with communities or donations to charitable activities so as to improve and secure the wellbeing of the community (Uddin et al., 2008).

#### **f) Environmental and Ecological dimensions of CSR**

Environmental debate has been going on for over decades. MNCs have been mentioned among the things that pollute the environment the most. In that regard, environmental concern and sustainable development have become an important pillar of the corporate social responsibility. The environmental dimension of CSR refers to firm's impact on the environment. The goal, as a socially responsible company, is to participate in business practices that benefit the environment and the people around instead of polluting the environment (Uddin et al., 2008).

The business activity might have many types of negative impacts on the environment. Such effects may include overuse of natural resources, the use of non-renewable resources of energy, pollution wastage, and degeneration of biodiversity, deforestation and climate change. For the company to truly commit to its environmental responsibilities, it needs to change its old-style modes of operation towards an environmental friendly oriented one through increased resource productivity, cleaner production and active dialogue with the company's stakeholders (Uddin et al., 2008).

In Tanzania environmental dimension of CSR is guided by Environmental Management Act (EMA) of 2004. Section 81 of the EMA obliges companies to ensure that they conduct an Environmental Impact Assessment (EIA) before it involves in any project which may have severe disadvantages to the environment. The EIA is done at the investor's expenses as it is a prerequisite

before being issued a license. Sections 123, 124 and 125 of EMA give to the local government authorities to issue guidelines on how to treat and dispose of liquid waste. The law requires companies to treat sewage before it is discharged so that they cannot damage the ecology, the human population and environment in general. Section 106 of EMA prohibits pollution and set it as an offence which may attract penalty or imprisonment or both.

## **2.4 Types of CSR Initiatives**

According to Kotler and Lee (2008) there are six different types of CSR initiatives.

### **2.4.1 Cause Promotion**

This type of CSR involves the initiative of the firm to provide fund and strive to increase awareness and concern for social causes by informing the societies about a cause. Nevertheless, these efforts try also to influence people who can volunteer in the contribution of the cause and participate in events that are organized by the firm. Cause promotion contrasts from other CSR initiatives as it includes building awareness about a cause by showing them statistics and figures so as to convince the community to find out more about the cause, donating their time and money, and aggressively participate in an actual event.

### **2.4.2 Cause Related Marketing**

This CSR initiative involves a firm's commitment to making a contribution or contributing a certain percentage of profits to a particular cause based on product sales. This offer is mostly for a fixed period and a particular product and a specified charity. The difference between this and other initiatives is that the contribution made by the corporation is dependent on how the consumer of a particular product responds. This needs more money to be spent on promoting the product or service and advertising it so as consumers are more aware of what is going on. The advantage side of cause-related marketing is; it improves the image of the corporate, helps in the augmentation of sales and increases profit, it attracts new customers and preserve the existing ones and also inspire employees as well as builds a strong relationship with the stakeholders.

### **2.4.3 Corporate Social Marketing**

This tool is mainly designed and used by corporations to improve or implement the change of behaviour intended to improve public health, safety or community welfare. The emphasis of this initiative is always to modify the behaviour of the people. Mostly state is the leading actor in developing and implementing this tool, but it also involves local public sector and nonprofit organisations. Good examples of corporate social marketing are the prevention of using tobacco, the reduction of early pregnancy and marriages. The outcome of this tool cannot be seen in a day or two but it has some benefits to the corporation which are making brand position stable, creating brand preference and increasing sales.

### **2.4.4 Corporate Philanthropy**

This is the most traditionally and a familiar form of CSR initiatives where the corporation makes the direct contribution to a charity or cause in the shape of cash, donations and service. It is also known by other names such as community relations, corporate citizenship, community affairs and community giving. Typical programmes of corporate philanthropy include providing cash donations, providing technical expertise, and offering to use the equipment. The nonprofit organisation, public agencies including schools and hospitals are the main target of this initiatives. The benefits of this initiative are; it helps to build a mutual relation between the company and community, corporate reputation and goodwill among customers, and it motivates an employee.

### **2.4.5 Community Volunteering**

In this initiative, corporation inspires and encourages employees and retail partners to volunteer their time to support a particular cause. Workers are challenged to volunteer their ideas, talents, expertise, and sometimes physical labour comes under volunteer efforts. Employees of the organisation are only involved as a volunteer to help the cause so as to set an example to the other member of the community especially customers. Typical programs of community volunteering include setting precise volunteer for specific events. Of all the CSR initiatives, community volunteering is viewed as sincere and substantial. Volunteer programs help to build a healthy relationship with the local communities, motivate employees, and improve corporate images as it is doing well for the community.

#### **2.4.6 Socially Responsible Business Practices**

In this initiative, a firm accepts and conducts unrestricted business and investments that support social causes to improve the security of the community and protect the environment at the same time. It focuses on activities that are optional and are not mandated by law. Some of the activities that it includes are designing facilities to protect the environment, stopping to offer products that are harmful and illegal, developing programs to support employee well-being, etc. Benefits from this initiatives are financial benefits because of decreasing operating cost; employee productivity is increased, strengthen the brand position, improves quality, and improves corporate image.

#### **2.5 Codes of conducts for Multinational Corporations and Corporate Social Responsibility**

Codes of conducts and corporate social responsibility in MNCs are concepts that have been studied from many different perspectives and approaches by various researchers within academic fields such as history, political science, sociology and economics. Most of the researchers are on how codes of conduct and principles of corporate social responsibility impact the position of multinational companies on the international market. Werhane and Freeman (1999,p.113) defined Codes of conduct as statements of behavioural ideals, exhortations or prohibitions common to culture, religion, traditional professions, fraternal organisations, corporations and trade associations. Codes Combine admonitions to avoid specific illegal actions and to espouse certain moral principles, especially those that elevate personal behaviour or improve interpersonal relations.

Sethi (1999: 225) argued that Codes of conduct are the primary tool that provides a voluntary and flexible approach to addressing some of the communities concerns. They create a mechanism whereby a corporation can formulate solutions that are focused, take awareness of the organization's special needs and public concerns, and are economically efficient. Some researchers argue that response to public pressure or pressure from surrounding community in which the company acts made companies formulate codes of conducts. Thus, the code of behaviour becomes a document in which the company can express its corporate social responsibility about business partners, its employees and other stakeholders as well as its responsibility for the environment that surrounds them. According to Adair (1999), code of conduct is not only used as a tool to justify the company's operations in an individual social and cultural setting but can also be used as a way

to attract employees to the enterprise, providing principles on working environment and workers' rights (p.27). Codes of conduct also can play as a tool for multinational companies to gain trustworthiness and legality in a global market because values of the company are made visible in the international arena. Moreover, by formulating corporate social responsibility and codes of conducts in a document narrows the credibility gap between corporate performance and community expectations. Frequently the codes of conduct are also displayed on the firm's website, making it easier and available not only to employees but customers and clients, regardless of where they locate in the world (Sethi, 1999, Adair, 1999).

## **2.6 Corporate Social Responsibility in Tanzania**

Tanzania got her independence in 1961 under the leadership of Mwalimu Nyerere, who then became the first president of Tanganyika, then Tanzania. Since then there has been a high demand for the ethical business conducts regarding accountability, transparency and good governance (Sweeney, 2007). However, it has been a difficult task for Tanzania to promote and deal with CSR to protect the public interests due to some reasons including poverty of the government and corrupt behaviour of the leaders in the country.

In 1967 the government of Tanzania established the Ujamaa philosophy under Arusha declaration with the chief aim of promoting sustainable social, economic development. However, things went in the different direction leaving the citizens with the same desire since in reality desires were not fulfilled. Thus, legal systems continued to promote and emphasise rent-seeking practices among the elite at the expense of the needs of wider society.

In the 1990's, Tanzania employed some parliamentary improvements supported by the International Monetary Fund (IMF) and World Bank (WB) with the aim of enlightening good governance, public accountability and transparency through Structural Adjustment Programmes that were implemented in the 1980s. The programmes stressed on liberalisation of economic activities and the government to withdraw from controlling the economic activities as commanded by the IMF and the World Bank (Lauwo, 2011).

During the Ujamaa in the 1960s multinationals and FDI's were considered as a traditionally progressive feature of capitalism in the development process, at a global level and thus, they were

not welcomed in the country. All the companies privately owned were nationalised. However, the disintegration of the socialism in the Eastern Europe in the early 1990s automatically led to the fall of the Ujamaa philosophy. The economic reforms of the 1990s welcomed investment from both developed and developing countries. The investments have brought multinationals and FDIs in the country. Since then Corporate Social Responsibility (CSR) has been famously understood as philanthropy and thus refers to charitable community support projects. Despite ongoing investments, some factors are still affecting the growth of business and development in Tanzania, which includes poor infrastructure, and unavailability of stable electricity supply. Lack of education and unskilled labour levels, as well as corruption and work ethics, are additional concerns of the challenges facing foreign direct investment and Multinational corporations.

Nevertheless, over past few decades, Tanzania has cherished stable and sustained economic growth. Agricultural and industrial sectors have both contributed heavily to the rise in gross domestic product (GDP) over the period. Advances in exports and production have come from many different areas, including tobacco, textiles, processed fish, cut flowers, flour and steel. If the nation managed to sustain this level and pattern of growth for another decade, Tanzania's economic forecasts look bright.

## **2.7 Theories of CSR**

A long and important debate on corporate social responsibility has been going on since the second half of the 20th century. Bowen (1953) wrote the influential book on Social Responsibilities of the Businessman. Since the book was written, there has been a modification in terminology from business social responsibility to CSR. Furthermore, this field has been growing significantly and recently it contains an enormous explosion of approaches, languages and theories (Garriga and Mele 2004). According to Secchi (2007), there are different groups of methods based on criteria of the corporation and society. The theories are categorised as follows: 1) The utilitarian theory, 2) The managerial theory, and 3) The relational theory.

### **2.7.1 The utilitarian theories**

Utilitarianism is the philosophical concept that explains the maximisation of utility and the happiness of the majority of people. In the economic point of view, utilitarian theories show the



corporation to serve as a part of the economic system in which the function is mechanical; which means it acquires its meaning when the function is defined. A company has to utilise all the resources for it and the communities to benefit from it (Ismail, 2009, p.201). CSR thoughts developed after a comprehension that there is a need for an economics of accountability to the societies, entrenched in the business ethics of a company. In utilitarian theories, the corporation is considered as part of the economic system. The term 'utilitarian' discusses mostly the traditional economic approach to the company, primarily seen in the first section of the last century and the years instantly following the Second World War. Within this context, the organisation's performance is usually considered as a profit maximising function, no matter what transpires inside the package. Secchi (2007) had divided this theory into two subcategories for deeper understand the basis of the utilitarian approach to social responsibility, one including scholars involved in studying the social revenues and costs of the firm, and the other for functionalists.

### **2.7.2 The Theory of Social Costs**

The founding fathers of the modern economic science considered the analysis of the external impact of the economic activities while responsibility issues did not come to the front in the scientific debate of the period. Focusing on corporate non-economic inspirations to the socio-economic system is the foundation for obligation allocation. However, sometimes problems of current corporate responsibility, deal with the fair distribution of social costs. Moreover, the measuring of social performance is indirectly influenced by the social costs literature. *When questioning the nature of CSR, we are implicitly relating the concept to economic and social problems, taken together, at the same time. The terms 'social cost' point out, at a very basic level of analysis, the same concept* (Secchi 2007, p. 352).

The subject of social costs mostly on the one side relates to the business originating the costs and, on the other hand, to their coverage. Of the two, the latter brings a critical debate, established on the fact that the problem, according to Pigou (1932), is that of justifying state interference in the economy, making it easier to reach a 'natural' equilibrium (129–130). Regarding social responsibilities this assumption has important significances. Nevertheless, the state's role in the economic system has a goal to cover social costs and may be projected as the state assuming

accountabilities to preserve the national product and Nationals' wellbeing. Thus, its natural counterpart should be that of leaving no responsibilities to the company that produces the cost (except that of taxing it), even if indirectly or involuntarily. This subject makes it clear that there is an obligation and that it has to be taken care of by somebody either by the corporation or by the state government (ibid).

Coase (1960) looks at this from a different perspective attempts to do some modification of the issue to corporate production factors. The primary notion is that the costs of the transaction between people and government regulate whether the state arbitrates in the economy or not. Neoclassical economics confines the problem of company–environment relations to system disequilibria and links it to the mutual– private interest debate. The method is monistic in kind that is to say while it considers individuals and firms as unique entities, it sees them as similar regarding performance, such that the impression of their doings on society is being measured by statistical calculation. Additionally, the kind of environment considered within the utilitarian viewpoint is severely economical.

### **2.7.3 The Functionalists**

Functionalists view this in a bit different direction where it perceives the company as a part of the economic system whose aim derives from its particular function in society: that is the maximisation of profits. The core assumptions of the concept are a kind of modern economic mechanisms', where the structure is a closed cybernetic one. Friedman's (1970), contribution on social responsibility can indeed be considered as integralist. Friedman refers directly to social responsibility as something belonging to the ongoing debate. He defines social liability in a very narrow way, seeing it as the same as a form of philanthropy, such as money donations to the needy, non-profit organisations, churches, and the other of the sort. 'Social responsibility', and everything that goes beyond shareholders' interests, is a 'fundamental misconception of the character and nature of a free economy (Friedman 1970, p. 133). The statement above came out of the idea that when it comes to business, there is only one crucial responsibility which is to use its resources and participate in deeds designed to increase its profits. However, the rules of the game have to be maintained, which means to engage in open and fair competition, without deception or fraud (ibid). Functionalist views a firm as an investment, and investments have to be qualified and productive

for their shareholders. Friedman's point is following directly from the core utilitarian neoclassical expectations about the market and the firm.

#### **2.7.4 Managerial theory**

Secchi (2007) argues that theories comprised in the managerial group are categorised by the stress scholars place on corporate management. This approach differs from utilitarian as it consists of the fact that the latter slants start considering social responsibility from inside the firm rather than outside the company. Managerialisms have a firmly centred standpoint and, consequently, everything from outside the company is mostly addressed to the decision-making of a firm. Drucker (1984) on one side proposes that business ethics as a field of study has no theoretical significance; however, on the other hand, he does not mention that business managers and owners have not got any social responsibilities. The first thought is connected to the statement that ethics is not crucial for economics since it relates to 'pure sentimentalism' (p. 54–55). The second component appears to reverse Drucker's disbelief in business ethics. He sustains that the social responsibility of managers is directly connected to the authority and power they have. In this view Drucker might not be totally against social responsibility tout court; however, he contemplates that altruism philanthropy, and similar events might be dangerous for the future of a particular firm. Regardless of the common ground in Drucker's position, he does not uphold social responsibility as being contrariwise related to profit maximisation. He has the different view on the end goal of the organisation that is entirely different from Friedman who sees profit maximisation as the ultimate purpose of the firm. He suggested that the final aim of the company is the manufacturing of goods and services. The analysis of the thought of Drucker leads to two primary considerations: (i) it very clear that he does not consider the traditional point of view that social responsibility mean 'philanthropy' and that (ii) refusing the functionalist opinion is not connected to the logic of profit. Drucker's thought is exceptionally practical and related to corporate management.

#### **2.7.5 Relational theory**

According to Secchi, (2007) the complexity of the firm-environment relationships is the cause of the relational theory that, in some cases, have brought about a redefinition of the foundations of analysis. Researchers and scholars belonging to this school of thought put relationships at the heart of the study. In addressing and dealing with social matters, scholars are not concerned with the

analysis of internal corporate dynamics and neither do they focus their attention on the environment (system). However, the theory explains how the two interact, hence the pressure is on interrelations. For this purpose, relational theories can be assumed of as a type of ‘opening up’ of managerial approaches and utilitarian approaches. The theory is being categorised into four sub-groups of methods as discussed below:

**i. Studies on Business and Society**

The term Business and society can lead to a series of different contributions. Being more specific, a large number of researchers place themselves in this sub-group of theories which represents a sort of container. The meaning here discussed to the expression is to some extent different from the mutual way academics comprehend it. The words ‘business and society’ refers to scholars who scrutinize society and understanding the role that organizations, mainly firms, play in it (Secchi, 2007). Wood (1991) recommends the change from ‘business *and* society’ to ‘business *in* society’. Which means all the activities of organizations become understandable only within the social context in which the firm operates. Corporate social responsibility appears to be an interaction between business and society. While the firm remains the most studied component, some writers suggest to expand the analysis to every type of an organization. The main objective of the work is to show the interaction between organizations and their environment. In this context the definition of social responsibility is possibly very wide as ever given. Initial, they state that business has to do with development and processing of economic values in a community (Davis & Blomstrom 1966, p.4). Secondly, social responsibility within the economy has to be limited to corporations, if not, it becomes significant to analyze relations between firms and the other productive organizations. Thirdly, social responsibility is referred to one’s obligation to contemplate the effects of his actions and decisions on the whole social system.

**ii. The Stakeholder Approach**

According to Freeman (1984), formerly the stakeholder approach has been established as a model for improving the management of the corporation although it now offers several applications. Nevertheless, the approach now is being used to support social responsibility issues (Freeman & Liedtka 1991). Separating it from company practices, it remains as a model for studying

relationships. Some scholars emphasise that the complementary relationship that the stakeholder theory has with ethical variables try to increase the list of significant stakeholders to tackle social issues better (Freeman, 1984). Not only that but other researchers uses stakeholder approach as the way of understanding what is real so as to manage the well socially responsible behaviour of the organisation as well as improving the doctrine of CSR. The stakeholder approach might be improved with a wider set of ideas that help in investigating the complex contractual and political relationships between them.

### **iii. Corporate Citizenship**

It's hard to understand the differences or similarities between corporate citizenship and social responsibility. However the notion of citizenship strongly depends upon the public to which it is referred. It remains vague on how scholars define 'corporate citizenship' and variances can be spotted compared with social responsibility doctrine. Matten et al. (2003, p.111) define corporate citizenship as the tool to highlight that the corporation sees or recaptures its rightful place in society next to other citizens with whom the firm forms a community. Relations between the organisation and the community are projected as formal and informal duties and rights. Approaches of corporate citizenship mainly focus on rights, but even more on, responsibilities, functions and possible partnerships with business, with public groups and institutes. Corporate citizenship is sometimes connected to social prospects, and it is adopted from an ethical viewpoint. Solomon (1992, p.184) states, *the first principle of business ethics is that the corporation itself is a citizen, a member of the larger community and inconceivable without it ...Corporations like individuals are part and parcel of the communities that created them, and the responsibilities they bear are not the products of argument or implicit contracts, but intrinsic to their very existence as social entities*

### **iv. The Social Contract Theory**

Social contract theory is one of the most important traditions of western philosophical thought. The main crucial and fundamental issue about this approach is the justification of the molarity of economic activities so as to have a theoretical foundation for evaluating social relations between the company and society. Social responsibility stems from the moral rightfulness the firm achieves in society. The basic idea in this concept is very simple. The Corporations, Society and the other economic institutions are supposed to share implicit, informal relations so as to create a moral

community. These relationships are thought of as restrictions that allow us to define each feature of inherent morality (Secchi, 2007).

## **2.8 Sustainable Community Development**

The world has been experiencing unsustainable development over past few decades this is due to the increase of technology. As a result of our contemporary unsustainable development Brown (1981), has argued that there are three main threats to unsustainable development which are soil erosion, the deterioration of ecological systems and the rapid reduction of oil reserves. These threats lead to a vicious circle of poverty, population explosion and environmental destruction in which some developing countries are caught. However, recently the world has been more concerns on sustainable development especially for developing and underdeveloped nations which are more vulnerable to climate change and other global changes. Societies have been growing more steadily, and there is an increase of willingness and awareness on how to achieve sustainable development. The world has also seen the growth of various ideas for efficient management and monitoring of sustainable development that have gained worldwide approval (Robert 2000)

### **2.8.1 The concept of sustainable development**

The definition of sustainable development is difficult to give since it encompasses the essence of the term. However, the term can be defined as to maintain development over time (Elliott, 2006). According to Nyerere (Nyerere, 1962), sustainable development is the development for the people, and it is not a development of things other than man. Nyerere's concept of sustainable development draws from the African cultures that conceive development to be sustainable as long as it integrates man to nature (environment), fellow man (society) and supernatural beings (divine). This is to say that no way can one separate a human person from the three mentioned aspects (culture, nature and religion). The concepts that try to separate man from the three elements are likely to be unsustainable to development. The African sustainable development needs enculturation and liberalisation at the same time due to prevailing environment (Bagonza, 1998). The primary concern for sustainable development is concerned with ensuring the quality life for all now and the generation to come. It must be inclusive the society in which the economic prosperity is shared among the people of the society with less pollution and less wasteful resources.

## **2.8.2 Pillars of sustainable development**

The pillars are the pivots of sustainable development without which no development is possible. There are three pillars of sustainable development: the economy, society (community) and environment (Baharin and Sentosa, 2012).

### **a) Economic pillar**

Sustainable development considers the economy to be an important aspect. The economic pillar shows the purpose of the existence of the business enterprise. It deals with the contribution of the business enterprise as far as economic perspectives are concerned. It reveals the economic areas the business is productive, issues like job creation and employment. Not only that but also productivity depending on job satisfaction, health status and investment in human resources. The economic pillar also shows the efforts of the business enterprise participate in poverty reduction and its ability to produce goods and services that meet the demand of the consumers (Elliott, 2006). This is to say that economic pillar supports the organisational efforts to win the competitive advantage.

### **b) Environmental pillar**

The environment is the fundamental basis of all economic activities and life itself (Elliott, 2006). The environment pillars deal specifically with the environment in which the enterprise business operates. The legitimate company tries its best to minimise the harmful impact of business operations on the environment and to restore the environment from the harm already done (Baharin and Sentosa, 2012). The sustainable development requires integrating climate objectives, maintaining natural resources and human health that supports the current and future growth. The economic pillar when combined with the environment pillar the result is the eco-efficiency. The eco-efficiency emphasises on the use of the scarce natural resources economically hence increasing economic efficiency which uses less environmental resources for the desired outputs

Hinterberger, (2000) presents three characteristics of eco-efficiency in 1. Eco-efficiency process, which deals with making resource savings and reducing risk or impact in processes allowing a company to diminish the cost of production and site operations within their fence line; 2. Re-

valorizing by-products, which emphasises on cooperation with neighbouring and partner companies to re-valorize waste and by-products by making materials valuable alternative resource; and 3. Creation of new and better products, which stress on the making goods and services that follow environmental design rules with new and enhanced functionality.

### **c) Societal pillar**

The social pillar is also referred to as socio-efficiency. It demands the company make business decisions by considering consumers' wants the company's requirements, consumers' long-term interests, and society's long-run interests. This concept argues that the organisation maintain a balance between the benefit of the corporation itself, interests of consumers and interests of society (Baharin and Sentosa, 2012). It requires the organisation to behave in a manner that is socially responsible, and the rewards for social responsibility will be obtained in the form of improved long-term profitability. The socio-efficiency is based on the well-being of the community, incorporating the corporate social responsibility of companies and non-profit organisations, legal issues and environmental protection issues, which altogether streamline the sustainable development of the economy and consumption patterns (Elliott, 2006).

In conclusion to this chapter, Multinational corporations through CSR have responsibility to help the community to achieve sustainable development. Most crucial areas are environmental issues which have been the main problems in the recent debates in the world. On the contrary Multinational Corporation has been mentioned as one of the causes of environmental destructions.

### **2.8.3. Human capital and sustainable development**

In today's business environment companies are composed by competitors, regardless of their industry. In the same business environment, the firm needs to develop the competitive advantage. Developing a competitive advantage, it is of importance that company invests much the workforce as its competitive weapon. This is a strategy for the firm to improve and expand productivity and higher performance (Marimuthu et al. 2009)

OECD defines human capital as *"the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being"* (Murphy, 2009, p.5). Human capital encompasses the entire attributes and resources that the organisation



needs for its success. The human capital is the resources required by the firm for its competitiveness and development. It includes the stock of educated, trained and healthy citizens responsible for the organization performance and productivity (Murphy, 2009). Jackson and Schular (1990) had revealed that human resource needs help to ensure employees to have the skills and competencies that the business needs to succeed. Human capital works hand in hand with the business plan to determine which resources are needed to achieve the business's goals. It is like human resource planning which has traditionally been used by organizations to ensure that the right person is in the right job at the right time.

Investment in human capita is critical to social and humanitarian progress and achievement. Human capital is predetermined by some conditions such as ability to find and retain decent work, pursue quality education and improvement in their basic standard of living. *“Sustainable development is about improving the quality of people’s lives and expanding their ability to shape their futures. These generally call for higher per capita incomes, but they also involve equitable education and job opportunities, better health and nutrition, and a more sustainable natural environment.”* (Murphy, 2009, p. 6). Human capital can lead to sustainability as long as the company invests in its workforce through training and building experience to them. Training of the workforce can be on-job or off-job training. On job training can include mentoring, distance learning and off-job training

## **2.9 Empirical literature review**

Makinde (2013) conducted a study in Nigeria on the inevitability of multinational corporations in the sustainable development of developing economies. It was revealed by the survey that there is a strong positive relationship between the Gross Domestic Product (GDP) and Foreign Direct Investment (FDI). In emphasis the study states that the presence of FDI has impacted positively and significantly on the Nigerian economy given the period of study.

Chinomona et al. (2013) examined the relationship between employee fit to organisation and employee job performance in Zimbabwe's manufacturing sector. The study found there was a positive correlation between employee fit to organisation and employee job performance. Moreover, this was explained by the same survey that when seeking employment, employees

might consider first if they fit well to the job requirements before they find their fit to the organisation or fit community. Moreover, employees' fit to the job is an indication that employees' job skills, knowledge or abilities match that of the job requirements.

Shantz et al. (2013) conducted research on a complete test on how job characteristics are linked with engagement. The study showed a positive relationship for four of the five features (variety, autonomy, significance and feedback), with skill type showing the strongest relationship. The study also showed that workers who were firmly engaged were also more likely to help others out at work (undertake 'citizenship behaviours) and to perform better.

Baharin & Sentosa (2012) conducted a study on the sustainable development and multinational business. The study found out that in today's business environment firms no longer see the assimilations of sustainable development dimensions of economy, social and cultural into their business practice as extra cost structures but more as a corporate approach to winning over clients and markets.

Munjuri (2011) determined the status of various Human Resource Management practices in the institution and found a very close relationship between employees' motivation on employee performance. The study revealed that employees who claimed to have received financial rewards upon achievement of the set targets, half of them felt that the rewards motivated them to improve their performance. Quite some employees were provided with training opportunities, and they claimed that as a result of this, they were able to perform their tasks better. They also noticed an improvement in the feedback provided to them by their supervisors. Employees were able to carry out their duties more efficiently whenever they were given an opportunity to make decisions that they could handle.

Christian et al. (2011) studied how the design of work affects how engaged people are. The researchers found that employment features such as autonomy, task variety, significance and feedback had all been clearly related to engagement in a wide range. The study further showed to foster the high level of commitment that the context within which work is carried out must be combined with features of the work itself.

Marimuthu et al. (2009) researched on the human capital development and its impact on firm's performance. The study examined the extent to which human resources have direct effects on high performance from various critical perspectives. It was found out by the study that human capital development is one of the fundamental solutions to enter the internationalisation of business. The study emphasised in its recommendations that firms must invest necessary resources in developing human capital which tends to have a great impact on corporate performance, both financial and non-financial performance.

Nasurdin et al. (2006) hypothesised that formalised rules and procedures and centralised decision making deter employees from performing their tasks efficiently. The study evidenced that this variable has the negative influence on overall organisational effectiveness, which includes the higher level of job stress.

Organ et al., (2006) discussed the relationship between formalised rules and performance. The study found that better task performance is hardly achievable in organisations with highly formalised standards and centralised decision making. Formalised norms and procedures and centralised decision making also hinder employees from 'thinking outside the box' in performing tasks. Hence, employees do not put extra effort or take any initiative to improve the way their jobs are completed. In other words, highly formalised and centralised organisation discourages employees from exerting more efforts in achieving organisational goals.

## **2.10 Research gap**

Basing on the theoretical and empirical literature discussed above there is a gap that needs to be filled. Most of the studies and researchers have addressed the question of multinational corporations and their role in sustainable development. However, their discussions have been so general. Also, most of the studies have been conducted outside Tanzania. This study, therefore, seeks to be specific and to concentrate on MNCs that are found in the Tanzania setting. The study also is peculiar to the TTPL to generalise the results obtained. Therefore, this study commits itself to examine the role of multinational corporations in sustainable community development with the particular focus on Tanzania Tobacco Processing Company (TTPL).



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

The purpose of the study is crucial for choosing the research method and the appropriateness of the method to answer the research question (Berg & Lune 2012). In this study mixed method approach was used, that is a combination of both quantitative and qualitative research strategies. According to Bryman (2008), quantitative research refers to a research plan that highlights quantification in the collection and analysis of data (Bryman 2008). Adding to that Cohen (1981) defines quantitative research as social research that uses empirical methods and empirical statements. On the other hand qualitative research refers to “meanings, concepts, definitions, characteristics, metaphors, symbols and description of things” (Berg & Lune 2012).

#### 3.1 Mixed method research

Recently, there has been an increase of interest in the field of mixed methods research and the different ways in which quantitative and qualitative methods can be methodically combined. The researcher utilised both quantitative and qualitative research methods this is because mixed method strengthens the research concerning better representation of the populations of both the subjects under study and geographic areas. Combinations of the two approaches can be used to magnify the scope of a study as researchers pursue to capture method-linked dimensions of a target phenomenon (Greene et al., 1989, p. 259). The use of mixed method also helped in triangulating data sources (Bryman 2008; Creswell 2009). The quantitative approaches were used to scrutinise the relationships among variables, whereas the qualitative methods were used to examine on how characters attribute to several social issues and problems. To avoid biases that might have occurred by using one method, the researcher used the mixed method which helps to neutralise the issue under the study. Furthermore, using one method of data collection might have limited the researcher to only a precise selection of data, which might have affected the outcome of the research results (Bryman 2008).

### **3.2 Area of study**

The study was carried out in Tanzania Tobacco Processors Limited (TTPL), located Morogoro municipality, Tanzania. Tanzania Tobacco Processors Limited is one of the tobacco processing companies in Tanzania.

TTPL is a subsidiary of the US Company Universal Leaf Corporation. The company accounts for a 50% share of the market for processed tobacco. It is one of the three top buyers and processors of tobacco in Tanzania. Other processors are Alliance One Tanzania Ltd (AOTTL) and Premium Active Tanzania Ltd (PATL). AOTTL and TTPL have their processing facilities, while PATL processes its tobacco using the services of its two competitors.

Morogoro, where TTPL is located is the capital of Morogoro Region. It is located 169 kilometres (105 mi) west of Dar es Salaam and 223 kilometres (139 mi) east of Dodoma. Morogoro Municipality is located at latitude 60 49'S and longitude 37040' E, at the base of the Uluguru Mountains. It is one of the country's large cities and commercial centres with a population of 315,866(2012 census). With an annual urban population growth (1988–2002) of about 2.6 percent, Morogoro municipality is among the fastest growing cities in Tanzania (Mosha and Philemon, 2010).

### **3.3 Research design**

The research design is the general process of using one's imagination, scientific, strategy as well as tactics to guide in the process of data collection and analysis. The research design is important because it simplifies the answering of the various research procedures, thus doing research as well-organized as possible, yielding maximal information with minimal expenditure of time, effort and money. The design of the study stands for the prior planning of the methods to be used for collecting the relevant data and the techniques to be used in research analysis. (Gray et al. 2007). Since the study aims at looking on the role of Multinational Corporation in sustainable development, a case study research design was used, which allowed the elasticity of the study and use of the research tools. Also, the case study design allows the entire firm to be investigated exhaustively and with considerable attention to a particular problem (Saunder, et al., 2003).

Another important aspect of this approach is that it involves a comprehensive, exhaustive, holistic and contextual study of a particular case (Berg & Lune 2012; Bryman, 2008).

### **3.4 Population and Sample Size of the Study**

A population is a large group that bears features of the research issue. Babbie (1992) defined population as a group consisting of individuals, things or elements that acceptable in a certain description of the study. The target population for the study was made up of the top and middle management and employees of TTPL. The other respondents of the study were the community leaders and members of the wards in which TTPL undertakes CSR. This is to get different views and opinions from different respondents.

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

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

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

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

$$n = \frac{315,866}{1 + 315,866(0.1)^2}$$

$$n = 100$$

Thus, sample size comprised of 100 respondents in the study area. The distribution of respondents was as follows;

**Table 1: Respondents Distribution**

Department	Respondents	Percent
Top leaders	2	2
Middle management	2	2
Supporting staff	46	46
Community members	46	46
Community leaders	4	4
Total	100	100

Source: Research (2016)

### **3.5 Sampling procedures**

This study employed both probability and non-probability sampling. For the probability sampling, the wards were selected randomly. For the non-probability sampling, the respondents from TTPL management and community leaders were chosen purposively. Also, the employees have been arranged conveniently.

#### **3.5.1 Simple random sampling**

Simple random sampling in this study was used to select the communities (wards), respondents, village and regions in which TTPL undertake CSR activities as outlined below.

**Regions:** it was found that TTPL operated in a number of regions in Tanzania. These regions included Tabora, Singida, Ruvuma and Mbeya. No way could the research be undertaken in all regions due to time and financial constraints. One region was to be selected. The names of the regions were written on pieces of papers which were folded and then be selected randomly.

**District:** It was found that TTPL had its CSR activities in many districts in Tabora region. These districts included Urambo, Tabora rural, Sikonge and Uyui. The lists of all districts in which TTPL performed its activities was obtained by the researcher. From the list Sikonge was selected randomly.



**Wards:** Sikonge had a number of wards in which TTPL operated. The list of all wards was given by the public relations officer of TTPL to the researcher. The researcher selected the ward from the list of the wards in which TTPL undertook the CSR activities.

**Village:** The sample comprised one village visited for the study. The village of Msuva was selected from among many villages of Mgoywa ward. The researcher selected the village randomly after getting the list of all villages of the ward in which TTPL had undertaken its CSR activities.

**Farmers:** Farmers of tobacco were considered to be the reliable source of the needed information regarding the CSR activities performed by TTPL. They were considered to be in a good position to give useful information regarding the research questions. They were organized by the community leaders and 46 questionnaires were provided to them to answer the questions asked to them. Also simple random sampling was practiced to the supporting staff of the TTPL in Morogoro. These were also important people who were thought to have needed information for the study. The management organized them and it became easy for the researcher to distribute the questionnaire randomly to them.

### **3.5.2 Purposive sampling technique**

The study used purposive sampling technique to the top and middle management and levels. Four management officials were visited for interview. The assumption is that the officials of the TTPL have detailed information about the operation of TTPL in terms of policies, strategies and plans for the sustainable development.

## **3.6 Data Collection Methods**

In data collection, the researcher involved both primary and secondary sources of data.

### **3.6.1 Primary Data Collection Methods**

Primary data were directly collected by the researcher from the field. Interviews, observations and questionnaires were instruments used to provide the researcher with first-hand information generated during the field. Cohen *et al.*, (2000) assert that primary source has been described as those items that are original to the problem under study. Primary data in this study were collected

from the respondents (community members, management of TTPL and community leaders). The research tools used included questionnaires and interviews were used.

### **3.6.1.1 Questionnaires**

The questionnaires consisted both closed-ended and open-ended questions for gathering quantitative and qualitative information required for the study. Open-ended questions allowed freedom of expression by respondents using their words, while closed-ended questions limited respondents to the specific answers to obtain information on the magnitude of the issues under study in a quantitative manner. The questionnaires of closed and open-ended questions were distributed to 46 community members in the wards in which TTPL operates its CSR, and the other questionnaires have been circulated to the TTPL staff employees. The respondents were asked to fill the questionnaire in ample time for accuracy and then the researcher were collected from them after some time. The questionnaires contained simple, direct and clear questions to avoid ambiguity and to facilitate appropriate answers. Also, questionnaires were set in such a way that they cover research objectives so as to make sure that that the study is focused.

### **3.6.1.2 Interviews**

The interview was administered as face-to-face. Interviewing involved exploring people`s views, ideas, attitudes as well as opinions on various issues under study. The study used the interview method to obtain information TTPL officials at the management levels and community leaders. Four TTPL officials, two from the top management and other two from middle management levels were interviewed. The interviewer allowed the interviewee to give more explanations to be able to grasp the opinion of the respondent towards the matter under discussion. One of the advantages of this method was its flexibility during the field study as it offered the researcher an opportunity to restructure questions where necessary to obtain relevant information.

### **3.6.2 Secondary data**

Secondary data refer to information that is gathered from other people`s findings, statistical reports and other documents (Kothari, 2004). The secondary data were obtained from the documentary reviews. The study used the available evidence collected earlier by other researchers and other documents than research, such as official statistics, administrative records/publications or other

reports. From TTPL secondary data were taken from the company's annual reports and other published and unpublished materials given by the officials.

### **3.7 Validity and Reliability of Research Instruments**

Basing on the literature surveyed, the researcher developed drafts of research instruments with the focus on relevance, coverage of items relatively to research questions and clarity. Best & Kahn (2006) define validity as, the quality of a gathering instrument of data or procedure that enables it to measure what it is supposed to measure and reliability, on the other hand, is the degree of consistency that the instrument or method demonstrates. Therefore, the researcher relied on making logical inferences from data, being reflexive, being precise in describing phenomena as well as minimising researcher bias or subjectivity. The study instruments such as interview, questionnaires, documentary review and an observational checklist were also pre-tested before they were used in the study. Finally, the tools were refined to suit the context of the survey and translated into Kiswahili.

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### **3.8 Data analysis**

Data analysis involved data sorting, coding and summarizing and organizing the data in such a manner that they answered research questions (Yin, 1994). An approach to data analysis involved both qualitative and quantitative techniques.

#### **3.8.1 Quantitative data analysis**

The data were captured onto Statistical Package for Social Science (SPSS) for analysis. The descriptive statistics involved frequency and percent. Data were presented using texts, and tables to illustrate findings.

#### **3.8.2 Qualitative Data Analysis**

According to Creswell (1994), the process of data analysis is eclectic; there is no right way. Data analysis requires that the researcher is comfortable with developing categories and making comparisons and contrasts. It also requires that a researcher is open to possibilities and see contrary

or alternative explanations for the findings. The researcher used some suggestions made by Creswell (1994) to analyse the qualitative data. The process of qualitative data analysis was based on data interpretation. The data that were collected from the interviews, discussions and documents were reduced to contents, sub-contents and categories. The researcher marked quotes that were useful in generating the contents in line with the research objectives. These classes and codes systematically formed the basis for the emerging story that was revealed by the researcher.

### **3.9 Ethical Considerations**

The aim of observing ethical issues in research is to safeguard the credibility of investigation and investigator, to protect human rights and privacy from being infringed by scientific experimentations (Erwin et al., 1994). The researcher observed all the research procedures to ensure that ethical matters were adhered to. The researcher used clear, proper and common language to communicate with each category of respondents. All information remained anonymous; names could identify no one or be mentioned anywhere, thus coded abbreviations for their titles would be used for data analysis and report writing after the fieldwork and this guaranteed confidentiality.

## CHAPTER FOUR

### PRESENTATION AND DISCUSSION OF FINDINGS

#### 4.1 Introduction

This chapter presents and discusses the findings. The results are submitted and reviewed in line with the research objectives. The section is divided into four sections. The first section shows the socio-economic information of the respondents. The second section identifies the ways used by TTPL to increase human capital. The third part of the chapter examines the effectiveness of the techniques employed by TTPL to increase human capital. The fourth part of the chapter is determined to assess the community engagement in Corporate Social Responsibility by TTPL.

#### 4.2 Socio-economic information of the respondents

The respondents of this study were 100 in their total number. The assessed socio-economic information of the interviewees includes sex, age, marital status, education levels and the time of respondent's involvement in tobacco farming.

##### 4.2. Gender of respondents

The study was interested to know the gender of the respondents. The results in Table 4.1 show that majority (74%) of all respondents were males, and a few respondents (26%) of respondents were females. The results indicate that male respondents were more than female respondents in numbers perhaps because in Tanzanian societies the household heads are men, and the properties of the families are attributed to belonging to the household head. In much African society, men are the ones responsible for involving themselves in economic activities. However, due to the changing economic situation and the increased interaction in the globalised world today, women like men have started to involve themselves in economic activities.

**Table 4.1: Respondents' demographic characteristics**

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	74	74
	Female	26	26
<b>Age of respondents</b>	20-30	14	34
	31-40	51	51
	41-50	28	28
	51-60	7	
<b>Marital status</b>	Single	16	16
	Married	69	69
	Separated	4	4
	Divorced	5	5
	Widowed	6	6
<b>Education level</b>	Primary	60	60
	Secondary	29	29
	Post-secondary	11	11
<b>Time in farming</b>	1-3	13	14
	4-6	13	14
	7-10	20	22
	Above 10	46	50

Source: Field data, 2016

#### **4.2.2 Age of respondents**

The results in Table 4.1 show that majority of respondents (79%) of all respondents were aged between 31 and 50 years. The results suggest that the majority of respondents were of the productive age, the age of which the members of the family especially the parents have involved themselves in production activities so that to sustain their family. This is because the age of 31 and 50 years is the productive age. It is the age when the couples in the family have the increased demands due the factors of having some children and other dependents. These factors require the family to increase the income to meet the family needs. Following the increased demands of the expanded family, the both wife and husband have to involve themselves in productive activities more particularly the farming activities, the main economic activities in rural Tanzania.

#### **4.2.3 Marital status of respondents**

The results in Table 4.1 show that the majority (69%) of all respondents were married. Others (16%) were single, (6%) widowed, (5%) divorced and (4%) were separated. The results suggest that majority of respondents were married. This implies that TTPL deals more with married people than the rest categories as far as marital status is concerned because of their (married people's) commitment in economic activities such as farming for the wellbeing of their families.

#### **4.2.4 Education levels of the respondents**

Education is an important aspect of economic and income generation activities. The study was interested to know the education levels of the respondents involved in the study. The results in Table 4.1 show that majority (60%) of respondents had the primary school. It was also found that almost one-third of all respondents (29%) had the secondary education while a few (11%) of all respondents had post-secondary education. The results suggest that all (100%) of respondents had attained formal education, they were literate. This aspect supported them in filling the questionnaires provided to them. Their education levels were also important because they were able to give critical answers to the questions posed to them.

#### **4.2.5 Experience in farming activities of the respondents**

The results in Table 4.1 show that half (50%) of all respondents had experience in farming activities for more than ten years. Other (50%) respondents had expertise in a farming business of fewer than ten years. The results imply that all respondents had enough experience in business that could enable them to give the reliable and valid information needed by the study.

#### **4.3 Ways used by TTPL to increase human capital**

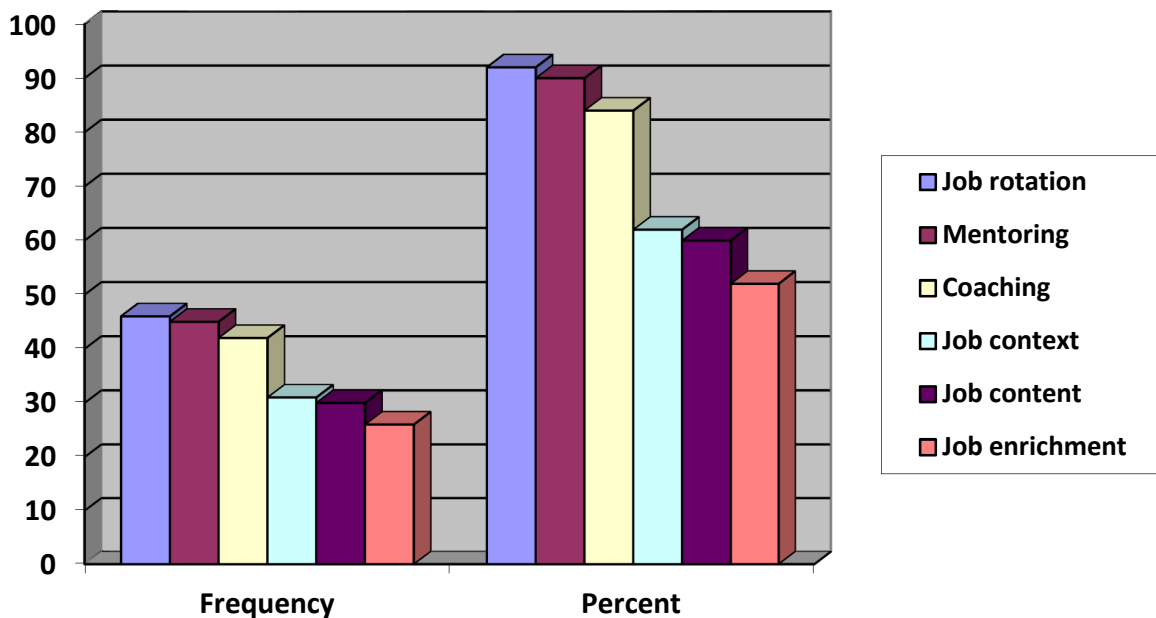
The recent economic development in the organization calls the integration of capital and human. The organization needs to invest in employees (human resources) which are the source of other resources with the expectation of increased organization performance. This stems from the fact that human resource is the subject that takes responsibility of all economic activities such as consumption, production, and transaction. Human capital, therefore, means one of production elements which can generate added-values through inputting it.

The study was interested to know the ways that TTPL used to increase human capital in its commitment to offer its contribution to the sustainable development of Tanzanian communities. The first research question was set to answer the ways used by TTPL to increase human capital. The respondents targeted to answer the question were the 50 officials of TTPL at senior, middle and supporting staff (normal employees) levels. To obtain the relevant information, the study used the questionnaires, interviews and secondary data.

The respondents were asked to mention the ways used by TTPL to increase human capital. The study found that TTPL used a number of ways to increase human capital for the organization performance. However, it was found that the dominant way used by TTPL to increase knowledge and skills in organization were on job training that were done in varied ways. The Table 4.2 summarizes the results.



**Graph 4.1: Job designs applied at TTPL**



Source: Field data, 2016

### **4.3.1 Job rotation**

According to Senge (1994), Job rotation is the transfer of employees between jobs. Job rotation is used by many companies as a tool for learning process. It is suggested that an employee who rotates without changing the portfolio accrues more experience than the one who does not. Nevertheless, it is a useful tool for career development. Job rotation in an organisation comprises of three elements specifically; individual learning, knowledge from outside resources and collective action between employees and therefore it is regarded as an excellent facilitator of the enlightening utility of outside educational resources.

The results in graph 4.1 show that majority (92%) of the employees interviewed in TTPL reported that TTPL had used job rotation to increase employee's knowledge, skills and motivation necessary to provide the economic value of the organisation. They claimed that they had done some jobs within the TTPL through job rotation. It was reported that TTPL had planned replacement of employees among jobs in a period for more goals of earning skills and career independence; increasing motivation, job performance and productivity. The implication of the

results is that TTPL employed job rotation as a method of job design by which employees could learn job skills from different parts and relieve exhaustion due to repeated tasks by changing them. According to Saari (2004) job rotation is a job design method which can enhance motivation; to develop views and double productivity in humanised resources and to improve organisation performance in organisational and individual levels.

### **4.3.2 Mentoring**

The results in Table 4.2 show that majority (90%) of all respondents revealed that TTPL used mentoring programmes to increase human capital among the employees. The programme was said to be used to develop employees' talents by keeping close with the talented and experienced employees. It was said to be the credible and very powerful tool that developed many employees within the organisation especially those who were being prepared to take new responsibilities and new roles within TTPL. In the interview with the officials in the middle management, it was revealed that mentoring was used by TTPL when the employee was prepared to be confidence to develop their career further or to work in the new environment.

*“Mentoring is the very important tool we use to develop our staff especially those we want to take higher and new positions. It prepares the person to adopt new working environment and be confident in that new working environment”* (one of the interviewed official in TTPL)

### **4.3.3 Coaching**

As a way of human capital development, TTPL uses coaching programmes. The results in Table 4.2 show that majority (84%) of all respondents recognised the effort done by the company to make sure its employees are getting enough motivation during their daily work routines. These programmes were said to be conducted in TTPL as they were focused and precisely on the change of the technology used by the firm. The main aim of coaching is to create awareness or employees' skills in a very particular area. The respondents revealed that both internal and external coaching was used to increase human capital in TTPL. It was also reported that coaching was conducted in the organisation by establishing sessions to make the employees have skills relevant to their areas of assignment.

In the interview with the officials of TTPL, it was revealed that coaching was used to get the employees aware of the changes that keep on taking place in the business environment. The interviewees told that coaching in TTPL intends to introduce the employees to new technologies and short term business strategies adopted by the organisation. Further, it was contended that it is important to have coaching programmes in the organisations like TTPL because everything is changing at high speed because of the advanced and widespread technology.

*“The organization needs new operational and marketing strategies in order to match with the speedy changes taking place in the world today. It is inevitable that the employees get involved in these strategies. We get them involved through coaching”* (one of the top management officials of TTPL).

#### **4.3.4 Job enrichment**

Table 4.2 shows that more than half (52%) of respondents claimed that TTPL applied job enrichment. They reported that their job design required the utilisation of their variety of different skills to complete their work. Further, the respondents claimed that their job plans required them to use some complex or high-level skills. The result could imply that respondents tend to value the way and manner their jobs allow them to apply different skills in executing their work. This is in line with the Goal setting theory which demands a person to set the challenging and higher demanding goals than simple goals. Through striving to meet those involved and demanding goals the individual gains skills and knowledge that are important to support the person to work in a very challenging environment.

The results reflect that the job enrichment gives staffs tasks that demand higher levels of skills, knowledge, responsibilities and better control over how to accomplish their duties. According to Mohr and Zoghi (2006), job enrichment is directed at improving the essential nature of the work done. Thus, the idea behind job advancement is that motivation can be enhanced by making the job so enjoyable and the worker so responsible that he or she is motivated solely by performing the job. Job enrichment develops skills of the employee at the same time the goals of the organisation are attained.

Dost and Khan (2012) argue that employee commitment and job enrichment are positively interrelated. More the jobs of the employees are enriched, the higher would be their level of engagement towards the organisation. Thus, more the employees are committed, the more will they be productive. Hence, the result would be high profits for the corporations. Thus, the researcher could learn that the employees at all levels in TTPL were committed to attending their responsibility in the organisation.

### **4.3.3 Job content**

In Table 4.2 it was revealed that majority (62%) of respondents told that TTPL applied job context to motivate and improve employees' performance in the organisation. This was reflected by the way TTPL administration had set the working environment in the company. The working environment was fixed in the manner that the employees felt that the environment allow them to plan on the better way of doing their jobs. The situation attracted the employees to seek to improve their abilities to improve production in their working department. In this way, the results suggest that the job context in TTPL made employees have the sense of responsibility and ownership, the aspects critical to the sustainability of the organisation and the workers. It was revealed that the employees were free to plan how to undertake their jobs in the respective departments. It was further revealed that most of the employees are not willing to work within the broad constraints of an organisation; they wanted a sort of freedom and autonomy that allowed them to be creative and innovative for their betterment and the betterment of the organisation.

The results could mean that the employees were free to have their decision and implement them for their work. For example, the employees were highly autonomous by scheduling their job day and deciding on the most effective approach to use for their job without supervision. It was learned that freedom of workers could grant flexibility among employees. The result of autonomy could be employees' satisfaction. The satisfied employees increase the productivity of the organisation. Hence, organisation performance improved. The results could imply that by being autonomous, employees were being motivated to work with creativity to increase production.

#### 4.4 Effectiveness of the ways used by TTPL to increase human capital

The study sought to explore the effectiveness of the ways used by TTPL to increase human capital. Under this section, the target respondents were the TTPL employees. The top and middle management officials were interviewed, and the supporting staffs were given questionnaires to write down their answers. Several aspects that affect employees' satisfaction were studied. The results are summarised in Table 4.3 below.

**Table 4.3: Effectiveness of increased human capital**

Attributes	Responses			
	High level	Percent	Low level	Percent
Enjoy going to work every day and performing at best	38	76	12	24
Motivated to assist department meet objectives	34	68	16	38
Attend job at required time.	28	56	22	44
Comfortable with competence in doing work.	35	70	15	30
Performing duties without supervision	32	64	18	36
Happy with the job	43	86	7	14
Coming to work everyday	46	92	4	8

Source: Field data (2016)

##### 4.4.1 Enjoy going to work and performing at best

The study was interested to know to what extent ways used by TTPL increase human capital among the employees. They were asked to give their views on the methods employed by TTPL to motivate them. The results in Table 4.3 show that majority (76%) of respondents were motivated by the ways used by TTPL. Workers revealed that they enjoy going to work every day and perform at their best. Other (24%) respondents were not enjoying going to work every day and perform at their best.

The results suggest that the ways used by TTPL were effective to motivate the employees. This can be proved by the fact that employees of TTPL were motivated at the higher level to the extent that they enjoyed performing at their best for their well-being and the well-being of the organisation. The results suggest that improving employee' knowledge and skills positively affects employees' work-related attitude which is essential for organisation performance.

Employees' attitudes toward one's job affect one's performance. Positive attitude towards one's work is one of the most significant aspects of job satisfaction. From this ground, the findings of this study reveal that the human capital investment has a significant positive relationship with the organisational performance, with employee's increased knowledge and skills developments are the most important indicator and an element of human capital investment that promote sustainable organisational performance and human capital development.

The results reflect what Chinomona (2013) names as employee job fit. The term is used by the author as "compatibility between an individual's knowledge, skill, and abilities with the demands of the job or the needs or desires of an individual and what is provided by the position" (Chinomona, 2013: 2). Increasing human capital makes the employees recognise the abilities and talents, and they decide to give all to the organisation through higher performance. It increases satisfaction to the employees to the extent that the employees tend to offer all that they have for the organisation. As crucial as it is for an organisation to have visionary administrators, it is important that department heads assign tasks so that staffs at all levels feel a high degree of satisfaction with the job they are asked to perform (Siggins, 1992). Enjoying going to work and to achieve the best is critical for the organisation. Making the employees enjoy their job is a very big step a company can make. The employees who enjoy their work are likely to perform at higher grades. These employees become creative and innovative in their work. They do not wait for their bosses to stand behind them to fulfill their responsibilities.

#### **4.4.2 Assisting the department to meet objectives**

Departmental objectives are crucial in the process of meeting the general objectives of the organisation. To achieve the corporate objectives the members of the department concerned are the key to the implementation. The study was interested to know the extent to which ways used by TTPL to increase human capital helped to bring the members of department close to work together

to meet those objectives. The results in Table 4.3 show that majority (68%) of all respondents were motivated highly to assist their departments to achieve their goals. Only a few (32%) respondents were motivated at low levels to assist their departments in achieving their objectives. The results suggest that way jobs are embedded within their broader organisational contexts get the employees engaged. This means that the way employees interrelate with one another, and the design of the wider organisation itself motivates the employees to offer what they have to assist the department to meet its objectives.

Always increasing human capital in the company is meant to make employees' organisational fit. Corporate fit means the compatibility between the unique qualities of the individual worker and those of the overall organisation in which the employee works. This means that an employee's personal values, career goals, and plans for the future must fit with the larger corporate culture. The organisational fit helps the employees to offer and invest their attributes to the organisation. They can be utilised when the departments adopt the employees in the diversities for the organisation good.

#### **4.4.3 Attending the job at the required time**

Employees' punctuality at work is crucial for organisation performance and sustainable development. The way employees are punctual at their working place shows the way these employees are motivated to work seriously. The study was interested to know the way the ways used by TTPL to increase human capital had an effect on staff attendance to work at the required time. The results in Table 4.3 show that more than half (56.5%) of all respondents felt that they were motivated to attend their work at the required time. On the other hand, some (44%) of the respondents felt they were not motivated to attend their jobs at the expected time. The TTPL management reported that employees are given a lot of directives so as to produce noticeable results however little consideration is given to motivate their efforts sufficiently. This can be observed by the instructions of keeping punctuality, meeting deadlines to produce documents, warning letters in cases of indiscipline with few insufficient incentives to encourage good performance.

*“Regards to the official working hours, the human resource office has introduced an attendance register book for each department. Each of the departmental employees is mandated to sign on the time of arrival to work and as well as the time of departure. After a week the books are then collected by the human resource office and the trend of punctuality is observed. Letters are then sent to congratulate those who keep time and those constantly known to be late comers are sent warning letters”* (one of the senior level interviewee at TTPL)

The results mean that TTPL had done something important to emphasise punctuality among the employees. This could imply that most of the time during working hours the employees could be spending much time in production for the good of their own and the good of the organisation.

#### **4.4.4 Comfortable with own competence in doing work**

Employees’ job fit is imperative for organisation performance. The sought to understand the employees’ job fit. The employees were asked to give their perception on their comfortability with their work. The results in Table 4.3 show that (70%) of respondents felt they were comfortable with their competence in doing their job. On the other hand, some (30%) of respondents were not comfortable with their competence in doing their job. The ways used by TTPL had helped the employees to be satisfied with their fit in their jobs. The results suggest that most of the employees in TTPL had developed their competencies, a crucial part of strengthening their professional skills. This is due to the reason that some kinds of work are growing and becoming more and more complicated, which makes competence necessary at work. Thus, expertise is expected to help to anticipate the future circumstances of the TTPL and to make the job performance easier as the work communities developing their competence can manage new challenges efficiently and find new methods for their activities, and they are better prepared for changes.

#### **4.4.5 Performing duties without supervision**

The study was interested to know to what extent ways employed by TTPL increased the morale of workers to perform their duties under little or without supervision. The results in Table 4.3 show that majority (64%) of respondents claimed that they could perform their work without supervision, and a few (44%) respondents argued that they were not motivated to exercise their jobs without or with less supervision.



The results suggest that the employees are motivated to supervise themselves. This is due to the reason that self-supervision is a powerful tool for providing possible support firms in appreciating the staff and helping them keep focus on their work at their hearts for the well-being of themselves and the enterprise. Self-supervision is a good method because it brings personal trust, respect and confidence between employees and the management. This kind of proper guidance results in an increased desire to work.

Basing on the results TTPL had managed to motivate staff enough to the extent that they do not need guidance in doing their job. This also implies that the employees were involved in planning and priority setting of the organisation. This could be shown by the fact that employees have that sense of responsibility that they do not need to be pushed behind to work. The organisation management has motivated the employees especially by making them participate in policy making of the organisation so that they feel the sense of ownership in the organisation. The sense of ownership automatically makes them work even without supervision.

#### **4.4.6 Happy with the job**

The study was interested to know the extent to which TTPL has increased the human capital among the employees that they are happy with their work. The respondents were asked to show the way they are satisfied with their job. The results in Table 4.3 show that majority (86%) of respondents felt that they were satisfied with their jobs. Only a few (14%) of respondents indicated that they were not happy with their job in TTPL. The results could suggest that most respondents enjoyed doing their jobs in the organisation. The findings mean that employees have positive attitudes or viewpoints about many aspects of their jobs, their careers, and their organisations. Being happy with the job is an indicator of being satisfied. The work situation matters regarding job satisfaction. There is the direct relationship between job satisfaction and performance. The enjoyment of work produces involvement and smooth interaction, thus boosting productivity (Saari and Judge, 2004).

#### **4.4.7 Going to work everyday**

The results from the Table 4.3 show that majority (92%) of respondents were going to work every day. On the other hand, a few (8%) respondents were not going to work every day. The results suggest that absenteeism was little in TTPL. The employees could be spending much time of their carrier for production. It was reported that there was established a system of signing for every

employee at the entrance and at the time of going out. Those who did not sign for a particular time were warned and if it persisted the employee could be terminated from work. However, it was reported that things like sickness benefits, health care, early retirement were considered, and systems had been established to observe them. The intention of the organisation was to manage absenteeism of the employees since employee absence takes a heavy toll on worker productivity.

#### **4.5 Community engagement in CSR performed by TTPL**

The study was interested to know the way TTPL engaged the community members in planning and implementation of the CSR activities. The target group of respondents in this section was the community members in the areas where TTPL performed its CSR activities. Since TTPL performed CSR activities in many areas in Tanzania including the regions of Tabora, Singida, Mbeya and Ruvuma, the study selected one village in the Tabora region to obtain its sample. The community selected was Msuva found in Mgoywa in Sikonge district. Questionnaires, interviews and documentary reviews were used to derive relevant information from the respondents.

##### **4.5.1 CSR activities performed by TTPL in Sikonge district**

The study was interested to know the CSR activities that were undertaken by TTPL in Sikonge district. It was found that TTPL performed activities that were closely related to farming activities. The farmers especially those who grew tobacco were supported in various ways. Some projects were carried by TTPL to help the tobacco farmers in their agricultural activities, that these farmers would produce the quality tobacco to be processed by TTPL. The following are some of the projects conducted in the area

##### **Farming inputs**

In the interview with the TTPL officials, it was revealed that the farmers were given farming inputs to make sure that they produce at large quantity but also at high quality. It was revealed that the farmers are supported by being given mechanised fertilisers (NPK) and chemicals (pesticides). The mode of providing this support to the farmers was that TTPL provides loans to the farmers. The loans are given to the primary societies; the farmers have to establish and join groups which were commonly known as major communities. No farmer is served individually, but one must adhere to the society so that he/she receives service. It is the primary community that binds the

farmer to receive the loan and to repay the same. If it happens that one receives the credit for inputs and does not sell the tobacco to TTPL, the society is responsible for the repayment of the loan on behalf of that individual who absconded. Thus, the farmers are advised to join groups with the members they trust.

*“TTPL has started helping us last few years, the loan they give is with slight interest, I don’t have to pay back more money than I took. Me and my group we have several hectares where we cultivate tobaccos and other cash crops. At the end of the season, we sell the tobacco to TTPL at a reasonable price. They have been so helpful”* (older man member of the community)

However, some of the community members were not happy with the loans and procedures were undertaken to get the loan. They do not feel that having a group is necessary for the reduction of poverty. They suggested that, if the organisation wanted to help them it is better to ask them what they need not what they think they need. Also, the condition that one has to grow tobacco to get the loan isn’t amusing them as they have other different crops that they need to improve too.

*“I don’t understand why I need a primary group to get the loan, I am better off myself, and I think I can do much better than the team they are creating. These people should be more flexible “nimechoka na matendo yao” simply mean I am tired of their doings.”* (Young man, member of the community)

#### **a) Training of farmers in Msuva**

It was reported that the TTPL trains farmers on different areas in agriculture but dominantly on how to prepare and manage tobacco farms. The study found that training was conducted by organisations when gathered in their primary society with their leaders. The people were taught how to prepare farms and how to manage them. The training is usually about agronomic issues such as time to prepare farms, a distance between one seedling to another, time to weed and the best time harvest. The primary intention of training to the farmers is to increase productivity and quality of the tobacco to be produced. It was also found that training was given to farmers on how to dry their harvested tobacco. They were trained how to use bans to dry the tobacco after harvest and before it is transported to be processed. The dried tobacco is easy to store before it is sold. A

community member suggested that even though TTPL is the tobacco processing company, it is best for them to be trained on how to be better farmers and produce quality food crops too as they depend on both food crops and cash crops. During the interview, one farmer commented;

*“It is good that they train us, it makes us better farmers when it comes to the production of tobacco, but I wonder if they can teach us on how to get enough quantity and good quality of food crops too.”* (A young lady a member of the community)

### b) Education projects

Respondents were asked to tell the support that TTP had provided to education sector in the surrounding community to ensure sustainable development. The responses can be summarized in the Table 4.4 as follows;

**Table 4.4 Responses on education project by TTPL**

Responses	Respondents	Positive perception	Percent	Negative perception	Percent
Constructed classrooms	50	38	76	12	24
Provided learning materials e.g. books	50	42	84	8	16
Provided desks to school	50	39	78	11	22
Constructed infrastructures	50	44	88	6	12
<b>Average percentage</b>			<b>81.5</b>		<b>18.2</b>

Source: Field data (2016).

From Table 4.4 above the study found that;

- **Classroom construction:** 8 (76%) of all respondents told that TTPL had constructed classrooms in a school that was located in their village. Other respondents 12 (24%) responded that the TTPL had not built classrooms in their village.

- **Provision of learning materials:** 42 (84%) of all respondents reported that TTPL had provided teaching materials to their school located in their community. The learning/educational materials that were mentioned include books, exercise books, pens, pencils, etc. Other 8 (16%) respondents reported that the TTPL had never provided learning materials to their school in the village.
- **Provision of desks:** Provision of desks: 39 (78%) of all respondents revealed that TTPL had provided desks to their school. It was admitted to the study that TTPL made and distributed desks to the schools that did not have sufficient desks. This was the response to the Mr President's call to the nationals to make sure that the schools have the adequate desk to facilitate better learning in these schools. TTPL had made desks and distributed them to primary and secondary schools in Tabora region. However, the people of Msuva village where the study was conducted said that their school (Msuva primary school) was no one of the schools that received the desks from TTPL. Other 11 (22%) of respondents said that TTPL had not provided desks to their school.

*“The number of children that are enrolled in primary school has increased here in Msuva, and this is good, but the facilities are not enough to accommodate all the pupils, TTPL has been helping by providing books and desks for these children, but we hope we could get more help” (one young man, community member)*

- **Construction of school infrastructures:** 44 (88%) of respondents reported that TTPL had participated in the construction of the school infrastructure such as toilets, fences, etc. Other 6 (12%) respondents denied the participation of the TTPL in the building of the school infrastructures.

From the information above the researcher developed percentage averages for both positive and negative perception of the respondents as per responses. The study found that majority responses (81.5%) perceived positively that TTPL had played a great role in the education sector by participating in various activities, while the minority (18.5%) perceived negatively that TTPL had involved itself in education projects. Since majority viewed

positively on the involvement of TTPL in the education sector, the study concludes that TTPL was useful in performing its CSR in education projects.

### Health projects

The researcher was interested to know the commitment of TTPL in supporting the health sector in the community. The respondents were asked to tell the supports and services that were offered by TTPL to the field of health. The responses are summarised in Table 4.5 as follows;

**Table 4.5: Health supported by TTPL**

<b>Responses</b>	<b>Respondents</b>	<b>Positive perception</b>	<b>Percent</b>	<b>Negative perception</b>	<b>Percent</b>
Constructed hospital wards	50	12	24	36	76
Provided hospital beds	50	6	12	44	88
Provided bed-sheets	50	5	10	45	90
Provided medicine	50	11	22	39	78
<b>Average percent</b>			17		83

Source: Field data (2016)

From the Table 4.5 above the study found that;

- **Construction of hospital wards:** 12 (24%) of all respondents reported that TTPL had provided its support in constructing wards in the nearby hospital. Other majorities 38 (76%) denied that TTPL had participated in the construction of hospital wards in the nearby hospitals and other health centres.
- **Provision of beds in hospital:** 6 (12%) of all respondents reported that TTPL had provided beds to the hospital or health centre nearby. On the other hand majority (89%) of all respondents denied that TTPL had provided or support anyhow the hospitals or clinics to have the beds.

- **Provision of bed-sheets to hospital:** 5 (10%) of respondents reported that TTPL had provided bed-sheets to the hospital nearby or within their community. On the other hand majority, 45 (90%) of respondents denied that the TTPL had provided or support in different ways the hospital or health centres to have the bed-sheets.
- **Provision of medicine:** 11 (22%) of all respondents reported that TTPL had provided the medicine to the nearby hospital or health centres found in the community, while some other 39 (78%) denied that TTPL had provided the medicine to the hospitals.

Furthermore, in the interviews, it was pointed out that the community has been receiving aid regarding provisions of mosquito nets mostly to pregnant women and children less than five years and also donations of necessary medicines such as Malaria tabs and ARVs for residents of Morogoro. Malaria remains the most significant Public Health threat to Morogoro residents and TTPL recognised the importance of malaria prevention and reduction by providing medical assistance to the community. Additionally, respondents during the interview mentioned other noticeable health activities done by TTPL including delivering lectures on sanitation and health, conducting workshops for midwives and health maintenance providers, medical treatment of HIV/AIDS patients and supply of materials and equipment to local medical centres.

*“Recently, we have witnessed pregnant women being supplied with free treated mosquito nets which are good for the health of both mother and a child”.* (Older man, a community member)

From the information above the researcher developed percentage averages for both positive and negative perception of the respondents as per responses. The study found that very few responses (17%) perceived positively that TTPL’s CSR had played a great role in the health sector by participating in various health issues in the areas where TTPL had its operations being undertaken. On the other hand majority (83%) of responses perceived negatively that TTPL had involved itself in supporting the health projects in the surrounding hospitals and clinics. Since majority viewed negatively on the involvement of TTPL in the health sector and the provision as well as supporting

health services, the study concludes that TTPL was ineffective in performing its CSR in health projects and health services in the communities in which TTPL operated.

### Environmental conservation projects

The study longed to understand the commitment of TTPL to environmental protection and conservation. The respondents were asked to mention the activities performed by TTPL to preserve the environment. The responses are summarised in Table 4.6 below;

**Table 4.6: Commitments of TTPL to environmental conservation**

Responses	Respondents	Positive		Negative	
		perception	Percent	perception	Percent
Planted trees	50	34	68	16	32
Developed seedlings	50	42	84	8	16
Made campaigns	50	45	90	5	10
<b>Average percent</b>			80.7		19.3

Source: Researcher (2015).

From the Table 4.6 above it was found that;

- **Tree planting:** 34 (68%) of all respondents reported that the TTPL had planted trees to protect and conserve the environment. It was reported that the TTPL had planted the trees in the regions that it conducted its activities including Tabora. On the other hand majority, 16 (32%) of respondents denied the participation of TTPL in planting trees for the protection and conservation of the environment. In the interview with the TTPL officials, it was revealed that TTPL had planted more than 5 billion trees in the areas where it operates

*“Once every year, TTPL has this major tree planting event, where the company’s workers and the community join hand to plant trees in a chosen area. It is a great thing for everyone as we normally do not have time for planting trees for ourselves.” (A young man, a community member)*



- **Growing seedlings:** Of all, 42 (84%) respondents said that TTPL had grown seedlings that were distributed to the people so that they can plant and grow them for the protection and conservation of the environment. Other 16 (32%) contended that TTPL had not involved itself in growing seedlings with the intention to distribute them to the people to conserve the environment. It was revealed by the TTPL officials that their company had grown tree seedlings that have been circulated to the farmers and other people so that they can plant and grow them for the protection and conservation of the environment.
- **Made campaigns on environment conservation:** of all, 45 (90%) reported that TTPL had undertaken the campaign awaken the people on the importance of preserving the environment for today's generation and the future as well. 5 (10%) respondents, on the other hand, denied the involvement of TTPL in the campaign to the public on environmental conservation. It was reported by the officials that TTPL had conducted the campaign to educate and awaken the people to the importance of preserving the environment for today's generation and the future as well.

From the information above the researcher developed percentage averages for both positive and negative perception of the respondents as per responses. The study found that majority responses (80.7%) perceived positively that TTPL's CSR had played a great role in environmental conservation activities by participating in various activities, while the minority (19.3%) perceived negatively that TTPL had involved itself in environmental conservation projects. Since majority viewed positively on the involvement of TTPL in environmental conservation projects, the study concludes that TTPL was not useful in performing its CSR in projects concerning environmental preservation.

#### **4.5.2 Community engagement in CSR performed by TTPL**

The study was interested in the way TTPL involved the community members in the projects it was undertaking in those communities. The expectations of the research were that the community members participate in planning and implementing the projects.

## Participation in establishing projects

Respondents were asked to tell who establishes the projects that were undertaken by TTPL in their communities. The results were that majority of those surveyed (59.3%) contended that TTPL decided which project to undertake. Other respondents (32.1%) said that the community members in representation by the community leaders established the projects. A few respondents (8.6%) did not know who created the water projects.

**Table 4.7: Processes of establishing projects**

<b>Responses</b>	<b>Percent</b>
The community members through leaders	32
TTPL officials	59.3
I do not know	8.6
<b>Total</b>	<b>100.0</b>

Source: Field data, 2016.

The results show that TTPL decided which projects to be established for the people. The results indicate that the people were not involved directly in choosing the development projects they want in their societies, but decisions were made through a representation of their leaders. The results suggest that TTPL decided for the people to develop the project to be undertaken. This can be dangerous for the sustainability of the project since sustainable development calls for the people active participation. The community's involvement makes the people feel the belongingness to those projects. This makes the people take the significant part in caring for those projects.

### a) Attending decision making meetings

The study was interested to know whether the community members attend the meetings to decide and prioritise the projects to be undertaken in their communities. The expectations and assumptions of the study were that community participation is determined by the roles played by the community members in the prioritisation and decision which project to start with. To obtain information questionnaires, interviews and documentary reviews were used.

Respondents were asked if they were participating in meetings with TTPL to establish and implement development project in their community. Results in Table 4.8 show that majority of those interviewed (84.1%) disagreed that the community members attended the meetings, while some respondents (11.4%) agreed that community members participated in the meetings, and a few respondents (4.5%) were not aware.

**Table 4.8: If community members attend decision meetings**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Yes	10	11.4
No	74	84.1
I do not know	4	4.5
<b>Total</b>	<b>88</b>	<b>100.0</b>

Source: Field data, 2016.

The results could imply that the community members were not involved in prioritising and decisions to design and establish development projects in their areas. The study learned that no way could the project implemented by TTPL be sustainable if the community members do not participate in prioritising by their needs. This is because active participation of community through meetings can be an important aspect in enforcing final decisions concerning projects. This point is crucial in creating sense of ownership of the projects among the community members. According to Harvey and Reed (2006) without participation systems are unlikely to be sustainable even if spare parts and repair technicians are available. Community involvement a tool for improving the efficiency of a project, assuming that where people are involved they are more likely to partake in project's operation. It is also seen as a fundamental right; that beneficiaries should have a say about interventions that affect their lives according to Pretty (1995).

#### **4.5.3 TTPL's CSR to corporate public relations**

The study was interested to know the way CSR helped the organisation to build its public relations among the community in which it operated. The target respondents were the employees of TTPL.

To obtain the relevant information the researcher used the researcher used the questionnaires that were distributed to the respondents to give their views on the question of building the corporate image for its sustainability. The results were summarised in Table 4.9 below;

**Table 4.8: The effectiveness of CSR activities performed by TTPL**

Responses	Respondent s	Positive response		Negative response	
		Frequency	Percent	Frequency	Percent
CSR have integrated public relations into decision making	50	29	58	21	42
CSR enhanced corporate reputation	50	39	78	11	22
CSR has enable TTPL to communicate its strategies	50	18	36	32	64
CSR improve relations with community	50	44	88	6	12
CSR led to attraction and retention of suppliers.	50	41	82	9	18
CSR has enabled TTPL to communicate its products and services	50	38	76	12	24
CSR helped TTPL to attain commercial benefits.	50	43	86	7	14
CSR helped TTPL to reduce reputational risks.	50	41	82	9	18
CSR has made TTPL build public trust	50	49	98	1	2
CSR makes TTPL win public popularity	50	44	88	6	12
CSR has promoted corporate image	50	46	92	4	8
Average percentages			78.5		21.5

Source: Field data, 2016

From the Table 4.9 above, the study found that;

- **Integration of public relations into decision making:** 29 (58%) of all respondents had the positive attitude that through CSR activities TTPL had integrated public relations into decision making towards the development projects that TTPL had dealt with while 21

(42%) had the negative attitude that through CSR activities TTPL had not integrated public relations into decision making.

- **Corporate reputation:** 39 (78%) of all respondents had the positive perception toward CSR activities performed by TTPL that it had enhanced corporate reputation. This aspect is critical for the creation of corporate public relations that increases corporate worth and provides sustained competitive advantage while 11 (22%) of all respondents had negative perception CSR activities by TTPL that they had not enhanced corporate reputation.
- **Relations with community:** 44 (88%) of all respondents had positive perception that through CSR's activities TTPL had maintained good relationships with the community members in which the TTPL performed CSR. However, 6 (12%) of all respondents had the negative perception that through CSR activities had not maintained good relationships with the surrounding communities in which the company performed its CSR activities. The relationship with the community is vital to sustainability. Regarding TTPL, good relations with the community would enable the corporate to obtain the sustainable suppliers and retain them. Failure to build the relationship with the community members especially the tobacco farmers can lead the tobacco suppliers to shift to the competitors of TTPL such as AOTTL, PATL and others.
- **Attraction and retention of suppliers:** 44 (88%) of all respondents had positive perception that performing CSR by TTPL was one of the important ways used to attract and retain suppliers while 6 (12%) of respondents had the negative attitude towards CSR activities by TTPL that it was not a good means to attract and retain providers. Tobacco suppliers are essential for the survival existence of any company dealing with tobacco. They are the ones that supply raw materials to the tobacco companies. They need to be attracted and retained. Ability to attract and retain tobacco suppliers is very critical for the TTPL's competitiveness. Failure to attract and retain the providers can lead them to shift to other tobacco companies which are the competitors of TTPL.
- **Communication of corporate products and services:** 8 (76%) of all respondents had positive perception that through CSR TTPL had communicated its products and services

to its customers as one of its promotion and marketing strategies. In which it could inform, persuade and remind the suppliers about activities while 12 (24%) of all respondents had the negative perception that through CSR the TTPL had not adequately communicated its products and services as the marketing and promotion strategies. Communicating the corporate to the suppliers is critical and vital since it creates the positive image to the community members especially the farmers. This plays a significant role in retaining providers for its competitive advantage.

- **Reduction of reputational risks:** 41 (82%) of respondents had a positive perception that through CSR the TTPL had reduced corporate reputational risks through varied perspectives in ethics, safety, security, sustainability, quality and innovation while 9 (18%) of respondents had negative perception CSR activities had not helped the TTPL to reduce the reputational risks. Reputation risks occur when the corporate fails to meet the expectations. It is important to manage reputation risks and create the good reputation. Good corporate reputation is an asset while bad (risky) corporate reputation is the liability. Reputation is vital for inspiring and sustaining investor confidence; damage to reputation reduces the share value and ultimately market capitalization. For TTPL, reputation should be evaluated for its ability to attract and retain clients as damage to value results in loss of consumer confidence.
- **Corporate public trust:** 49 (98%) of respondents had the perception that though CSR the TTPL was capable of gaining the public trust, the essential aspect of corporate public relations while 1 (2%) of respondents had the negative perception towards CSR in building public confidence in the communities in which CSR activities were operated. Corporate public trust is a vital aspect in business companies, especially in competitive business. It enables the company to build market share and corporate positioning. It is important to build corporate public trust when the organisation intends to make sustainability in its development.
- **Public popularity:** of all, 44 (88%) respondents had the perception that TTPL had created public popularity through CSR to gain public relations while 6 (12%) of respondents had

negative attitude through CSR activities the TTPL had not managed to obtain public popularity.

- **Corporate image:** 46 (92%) of respondents had the positive perception that CSR conducted by TTPL had created positive corporate image among the community members in which the TTPL operated its CSR while 4 (8%) of all respondents had the negative perception that TTPL had not managed to create the positive corporate image through CSR.

From the information above the researcher developed percentage averages for both positive and negative attitude of the respondents as per responses. The study found that majority responses (78.5%) perceived positively that CSR activities performed by TTPL in Tabora region had promoted corporate public relations, while the minority (21.5%) perceived negatively that CSR conducted by TTPL had not improved corporate public relations. Since majority viewed positively on the contribution of CSR to corporate public relations for TTPL, the study concludes that CSR activities were meaningful ways to promote corporate public relations by promoting positive corporate image in TTPL.

## **CHAPTER FIVE**

### **5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMENDATIOIOS**

#### **5.1. Summary**

Basing on the results in chapter four, it is reasonable to give the following views. The research found out that TTPL recognises and appreciates the human capital. Through various ways, TTPL tends to increase human capital. The human capital is the best part of the human resource since it is the source of other resources. The methods used by TTPL to increase human capital in the organisations as found by the study are job rotation, mentoring, coaching, job context, job content and job enrichment.

It is also concluded regarding the effectiveness of the ways used by TTPL that the organisation embraced and applied the right means to motivate employees. The methods used were adequate to give knowledge, skills and motivation to workers. This leads to sustainability in productivity for the improved organisational performance. The outcomes of the ways used were found to motivate the employees to the extent that the employees were motivated to enjoy their work and do it at their best. Thus, the employees were eager to assist their respective departments to attain department objectives something crucial in achieving the overall organisational goals. In this regard, the ways used by TTPL were effective to keep employees happy, work comfortably, be punctual and reduce absenteeism.

Regarding the community participation in CSR activities by TTPL, it can be concluded that there was little and inactive participation and involvement of the community members in the established development projects particularly in the early stages of developing the projects. The inactive or low standard participation of the community members is dangerous to the sustainability of the developed and implemented projects. For the projects to be sustainable no way can TTPL avoid community involvement because it is the people who know what should come first and what should come last as far as their needs are concerned.



The study found that majority perceived positively on the contribution of CSR to corporate public relations for TTPL. The study concludes that CSR activities were meaningful ways to promote corporate public relations by promoting positive corporate image in TTPL. A positive image of the corporate to the community is very crucial for the corporate sustainable development.

## **5.2. Recommendations**

The study found out that TTPL had its CSR activities being implemented in the areas where it had established its operations. However, it was found that the community members were not actively involved in decision making especially in the initiation and establishment process of the development projects. Therefore, it is recommended to TTPL that in whatever development projects the organisation needs to implement, it should involve the community members from the beginning to the end of that project. Participation of community members leads to sustainability of those projects. Also, Kumar (2002) argues that communities must participate in the decision-making of development projects as is a key instrument in creating self-reliant and empowered them. Not only that but also stimulating village level mechanisms for collective action and decision making. It is also alleged to be helpful in addressing marginalisation and unfairness, through clarifying the needs, priorities and perceptions of different communities within a project area

The study found that the established development projects were for the good of the community members and their development. It is thus, recommended that the community members should receive the development projects and care for them sustainably. The community members should side and increase interaction with TTPL so that to ensure that it gives more and more to support the development of the community.

It was found by the study that multinational corporations are key players in sustainable community development. They provide their assistance to the government in bringing about people socio-economic development by giving their support to the social services such as education and health etc. It is recommended that the government of Tanzania should formulate good and efficient principles on how to attract more foreign direct investments which have clear goals on improving the welfare of the communities and the country at large.

### **5.3. Conclusion**

The investigation delivered in the earlier chapters of this research supports the argument that Multinational Corporations through CSR programs to a larger extent can contribute to the sustainable development of the societies in which they operate. However, looking at a different perspective of the analysis the degree to which CSR activities can contribute to sustainable development depends mostly on the designs and how companies respond to local circumstances. Activities like philanthropic contribute less to sustainable development than investments in social development projects that helps and mainly improve the capability of community members to help themselves instead of just receiving unneeded aid. TTPL as discussed above sometimes gives money (regarding loan) to the communities which may improve the lives of the recipients in the short-term rather than a long-term need. Also, activities like this might tend to encourage dependency which threatens the long-term self-sustainability of the recipients. In this view, it is for the interest of the community for MNC to look on how they can invest their money in capacity building development projects, preferably the programmes that are affiliated with the community development plans and that do not require perpetuity Company's financial support. This strategy will help not only to ensure that the projects will be sustainable but also to prevent dependency especially during difficult economic times when companies are forced to decrease or cut some funds spending on CSR to accomplish their fiduciary duties to their shareholders (Whellams 2007). This reflects the argument by Baharin and Sentosa (2012) that MNCs are economic agents with the interest of maintaining the differences in development. Also another relevant point raised in some literature has to do with the effectiveness of strategies undertaken by communities to demand corporate accountability. The literature discusses that the achievement of social-based approaches for corporate accountability is conditional upon the right combination of civil, state, corporate factors and societal (Garvey & Newell, 2005).

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## **Appendices**

### **Questionnaires to the TTPL employees**

#### **A: Demographic information of the respondents**

1. What is your sex?

Male

Female

2. What is the category of your age?

Below 20

20-30

31-40

41-50

Above 50

3. What is your highest education level?

Non-formal

Primary

Secondary

Beyond secondary

4. What is your marital status?

Single

Married

Widowed

Separated

[ ]

5. Do you think TTPL has supported your community in development issues? Yes No

6. If the answer is YES, can you mention the development activities that have been done by TTPL in your community?

7. What educational support has TTPL provided in your area?

It has constructed classrooms for some schools [ ]

It has provided books and other learning materials to some schools [ ]

It has constructed some infrastructures (building toilets) in some schools [ ]

It has provided nothing in education area [ ]

I do not know [ ]

8. What are health supports that have been provided by TTPL in your area?

It has constructed wards in our government hospital [ ]

It has provided beds to hospital [ ]

It has provided bed-sheets to our hospital [ ]

It has provided some medicines to our hospital [ ]

I do not know [ ]

Others (specify.....)?

9. What has TTPL done for entrepreneurs and self employment in your area?

It has trained entrepreneurs on how to run business [ ]

It has provided capital to some entrepreneurs to start business [ ]

It has provided loans to entrepreneurs to start and run business [ ]

It has done nothing to entrepreneurs [ ]

I do not know [ ]

Others (specify.....)

10. What has TTPL done to protect environment from being degraded?

It has provided tree seedlings to people to plant [ ]

It has planted a number of trees in our area [ ]

It has made campaign to people to conserve environment [ ]

It has nothing to protect environment [ ]

I do not know [ ]

Others (specify.....)

11. Who prioritize the implementation the development projects supported by TTPL in your areas?

Community memebtrs decide which activity to be done first [ ]

The community leaders [ ]

Decision is done by TTPL management our leaders [ ]

No development is undertaken in our areas [ ]

12. What are sustainable sources of development projects supported by TTPL?

Contributions of community members [ ]

Support from TTPL [ ]

Support from the government [ ]

There are no projects supported by TTPL [ ]

I do not know [ ]

Others (specify.....)

13. To what degree are development projects supported by TTPL sustainable?

Higher [ ]

Average [ ]

Lower [ ]

I do not know [ ]

## **Interview guide to the TTPL Management**

1. Can you please tell the ways TTPL motivates its employees?
2. What are other benefits do you pay to your employees apart from salary?
3. What methods do you employ to increase employees' productivity?
4. What are ways do you use to increase employees' individual performance?
5. What do you do to preserve environment?
6. Are there any trees TTPL has planted to preserve environment?

Yes

No

7. If yes, can you tell the average number of trees planted in a year by TTPL?
8. What efforts has TTPL done to reduce waste products to environment?
9. What are the ways employed to ensure workers' safety during working time?
10. What is the contribution of TTPL to education especially in the communities where TTPL is located?
11. What has TTPL contributed to health sector?
12. What are strategies employed by TTPL for job creation and employment?
13. What is the contribution of TTPL to government efforts to reduce poverty?

**Interview guide to the community leaders**

1. What has TTPL done to employ the people in your community?
2. What has TTPL done to improve education sector in your community?
3. Would you please tell the contribution of TTPL to health sector?
4. What support has TTPL given to local government preserve environment?
5. Is there any amount of money given by TTPL to the local government for poverty reduction? If YES, how much?