

# GREAT ZIMBABWE UNIVERSITY



## MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL  
PERFORMANCE OF LISTED COMPANIES: CASE OF DAIRIBORD HOLDINGS**

**RESEARCH PROJECT**

**BY**

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SUBMITTED TO GREAT ZIMBABWE UNIVERSITY IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR MASTER OF COMMERCE IN PROFESSIONAL  
ACCOUNTING AND CORPORATE GOVERNANCE DEGREE.

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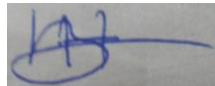


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APPROVAL FORM

I, the undersigned certify that I have read and recommend to Great Zimbabwe University for acceptance; a project entitled “The Impact of Corporate Social Responsibility on Financial Performance of listed companies: Case of Dairibord Holdings” submitted by Moses Chakurira in partial fulfilment of the requirements for a Master of Commerce in Professional Accounting and Corporate Governance Degree.



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## DECLARATION

I hereby declare that the project has been the result of my effort and such work was not presented elsewhere for any Higher Diploma or Degree. All additional information was acknowledged by means of references.

Signature:.....

A handwritten signature in blue ink, appearing to read 'Archeim' with a stylized initial 'A'.

.....

Date:.....10/1/2024.....

## **DEDICATION**

This project is dedicated to my wife, Melody Chatirera, who have always supported me and been a pillar of strength in this endeavour. I want to express my gratitude to God Almighty, through whose grace I was able to conduct this research.

## ABSTRACT

The study aimed to establish the impact of Corporate Social responsibility on financial performance of Dairibord holdings. The sub-objectives were to assess the influence of CRS on the sales and to establish the effect of CRS that profitability of Dairibord Holdings. The study also aimed to assess the impact of CSR on the total costs and to establish the influence of CSR on the customer buying decisions of Dairibord Hildings. A qualitative research method was used in the study and exploratory design was also used. The population was made up of 50 employees who were Accounts Clerks, Assistant Accountants, Accountants, Admin Clerks, Admin Clerks, Admin Assistants and Administrators. A sample of 10 Accounts Clerks, 9 Assistant Accountants, 9 Accountants, 8 Admin Clerks 6 Admin Assistants and 4 Administrators were chosen using stratified sampling technique from each stratum. The study used closed ended questionnaires to gather data from respondents. The data collected was presented graphically, in charts, numerically, and in table format. Findings showed that CSR had no impact on financial performance of Dairibord holdings. Data collected showed that CSR did not positively influence the sales, profit, had no significant effect on the total costs and did not positively influence customer's buying decisions of Dairibord Holdings. It was concluded that corporate social responsibility has no impact on financial performance of listed companies in Zimbabwe as it was determined in the case of Dairibord holdings. From the findings it was recommended that expenditure on corporate social responsibility need to be monitored and controlled within the capacity of the company because it was established that CSR does not have an impact on financial performance of listed companies in Zimbabwe. CSR may not be assumed to have a positive impact on financial performance of listed companies in Zimbabwe, since it was determined to have no impact on financial performance in the case of Dairibord Holdings.

## ACKNOWLEDGEMENTS

This dissertation is a genuine representation of the unselfish mentoring and encouragement of aspirant people I have interacted with, not just writing of my academic research.

First and foremost, I would like to express my sincere gratitude to my supervisor, Mrs H. Beans, for her patience, unwavering support, and great contributions to this project. I want to express my gratitude to the entire accounting department personnel at Great Zimbabwe University for their assistance with this study.

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## LIST OF ACRONYMS

- CSR** - Corporate Social Responsibility  
**GZU** - Great Zimbabwe University  
**ESD** - Environmental Social Goals

**CHAPTER I**  
**INTRODUCTION**

**1.0 Introduction**

This chapter presents the introductory background to the study on the impact of corporate social responsibility on financial performance of listed companies focusing at Dairibord Holdings in Zimbabwe, a company listed on the Zimbabwe Stock exchange. It also gives the statement of the problem, research objectives and research questions, limitations, delimitations of the study as well as definitions of key terms.

**1.1 Background of the study**

The concept of Corporate Social Responsibility (CSR) originated in 1953 after the publication of Bowen’s book Social “Responsibilities of Businessmen” and has become a common phenomenon globally (Zimbabwe included). According to Budiharjo (2019), companies have become more aware of their social and environmental responsibilities than ever. He added that there has been an increase in attention paid globally to issues affecting communities, including environmental issues driven by stakeholders’ pressure. Orlando (2022) defined corporate social responsibility as a situation where companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Orlando (2022) added that more and more multinational corporations are trying to engage plentiful financial resources to develop a good image to strengthen their connections with all stakeholders mainly clients, workers, financiers, the government and the public. In the USA, Coca Cola is good example of a good corporate citizen is sponsoring football as a CSR strategy (Ringmu & Oumar 2022). The background on CSR stems from the fact that since time immemorial, businesses or companies have always used CSR to give back to

society while improving the financial performance where they operate. Rio Tinto is another listed company that is actively practicing corporate social responsibility in the UK (Satvinder 2023). Companies decide to participate in CSR initiatives to boost their financial performance, as the literature has shown that corporate social responsibility (CSR) disclosure affects corporate financial performance (Budiharjo 2019). The evidence of business concerns giving back to society date back to the history of the industrial revolution and the need to solve social problems of poverty which lead to philanthropy (Orlando 2022). While China adopted the information disclosure system relevantly late and has gradually established a formal social responsibility reporting system for listed companies since 2006, this led the importance and influence of environmental information disclosure and CSR to be ignored by the majority of Chinese listed companies (Meng 2022). Meng (2022) argued that few companies are practicing CSR in China, a good example is Huawei which donate to charitable organisations and helping the poor.

Across Africa, previously, financial performance was the foremost standard to assess a firm's value and higher positions were given to organizations that provide greater margins financially, but now consumers are becoming more aware of corporate social responsibility (Raman & Nair 2019). Ngaundje and Kwei (2021) reflects the reality on the ground in Cameroon, in which there is a disconnection between the practice and implementation of CSR components. Companies in the country retain the option of engaging in CSR or not (Raman, Lim & Nair, 2019). Corporations cannot be held solely accountable for a country's social obligations to its citizens. According to Raman et al (2021), the government should be involved and draft some soft laws for the corporation and the maintenance of law and order, the provision of security, and the provision of public infrastructure and other critical services. According to Ngaundje and Kwei (2021), it is the government's responsibility to ensure that an adequate regulatory and enforcement framework exists, ensuring

businesses operate sustainably. The government in Yaoundé should therefore provide a legal framework within which cooperation engages in CSR agenda or have effective decentralization or federalism so that some of these issues of CSR are resolved at the local level to meet the needs of the people, not the few elites (Ngaundje & Kwei 2021).

KPMG (2020) reported that in Southern African Development Community (SADC), South Africa is leading the way in making CSR initiatives and actions which are not only about charity but about transforming these ideas into useful business strategies. Companies like FNB, ABSA sponsoring football and Toyota South Africa donated food to the vulnerable groups and charitable organisations were leading the front (KPMG 2020). Amodu (2020) opined that seem to be a positive relationship between CSR and financial performance in South Africa.

Zimbabwe is also gaining momentum in as far as CSR is concerned, with companies like Econet Wireless, Dairibord Zimbabwe and Delta Beverages taking centre stage by sponsoring football the Castle Lager premier league. Earlier Organizations in Zimbabwe were considered only as profit maximizing entities. However, with a change in the structure of business environment, the role of organizations has altered dramatically. Today, organizations are an essential part of social life (Karaibrahimoglu, 2018). CSR has basically become a tool for organizations to carry out diverse activities to fund and resolve social problems and to fulfil their commitment towards society.

According to Orlando (2022) it is a difficult concept to pin down as it overlaps with other such concepts as sustainable business, corporate citizenship and business ethics. He added that in spirit CSR speaks of organization's reaction to social plans. In a Zimbabwean context and for listed



companies in particular, it is still questionable whether CSR really has a positive impact on financial performance.

Of great interest is Dairibord Holdings Company which is making waves in practising CSR in Zimbabwe which has captured the researcher's interests to study on the impact of social responsibility on the financial performance focusing on Dairibord Holdings. The company was first established as Dairy Marketing Board under the Agricultural Marketing Act of 1952 and in 1994 the name of the company changed to Dairibord Zimbabwe Limited (DZL) (Punzisani 2022). In 1997 Dairibord became the first State-owned company in Zimbabwe to privatise and was listed on the Zimbabwe Stock Exchange the same year. In June 2001, DZL acquired 100 percent ownership of Lyons Zimbabwe business and formed a transport and logistics company NFB Logistics in 2003 (Nhete 2022). In 2006 the company transformed into a holding company with four subsidiaries – Dairibord Zimbabwe (Private) Limited, Dairibord Malawi (Private) Limited and NFB logistics (Private) Limited as the name changed to Dairibord Holdings Limited for Dairibord Zimbabwe Limited (DZL). The story of Dairibord began in 1952 when we were established as a state-owned parastatal called the Dairy Marketing Board (Punzisani 2022). Its establishment then, was for the reception of all milk, manufacturing and orderly marketing of milk and dairy products and the administration of regulations applicable to producer registrations. Dairibord Holdings Limited (DHL) is a manufacturer and marketer of quality milk, food and beverages. The Company is listed on the Zimbabwe Stock Exchange and owns Dairibord Zimbabwe (Private) Limited as its flagship subsidiary. Dairibord Zimbabwe operates 4 manufacturing factories located in Harare, Chitungwiza, and Chipinge (Simba 2018). The business also operates distribution centres located at our factory sites and additional distribution centres in Mutare, Gweru, Bulawayo, Masvingo and Victoria Falls. The business also has 15 franchises spread around the country and over 800 independent vendors

(Punzisani 2022). Inbound and outbound logistics of inputs and distribution of products is managed through the Commercial department. The farmers that supply it are managed through the Milk Supply Development Unit. In addition to the main subsidiary Dairibord Zimbabwe (Private) Limited, Dairibord Holdings has 100% interest in four (4) property companies: Goldblum Investments, Chatmos Enterprises, Qualinex Investments, and Slimline Investments. Lyons Africa, Lyons Zimbabwe and NFB Logistics are dormant companies also owned by DHL, promoted devolution and decentralisation of our value chains for sustainable and inclusive socio-economic development. According to Punzisani (2022), the company also directly assist local communities through the improvements of the living standards of the vulnerable in our communities, promoting healthy living styles through improved diet, education (Bursary scheme) and talent development tools for employees as part of their CSR strategy. The Company seeks to enhance their processes in the future by driving an inclusive approach to wealth generation and distribution so that the economy, employees, our farmers, suppliers and communities receive maximum benefit from the value they create (Punzisani 2022).

However, arguments always arise at Dairibord Holdings between Marketing, Human Resources and Finance department on whether to fund the CSR or not due to lack evidence or enough information concerning the impact of CSR on financial performance. Marketing and HR argued that CSR has a positive impact while Finance department argues that CSR reduce profits and should be reduced or stopped.

## **1.2 Statement of the problem**

The link between Corporate Social Responsibility (CSR) and Firm Financial Performance (FFP) remains one of the most controversial issues during the past fifty years (Orlando 2022). Despite the

research, both theoretical and empirical carried out in different contexts; it seems that no consensus has been reached on causality, sign and even less on its shape. On a theoretical level, the arguments in favour of a positive relationship are mainly found in the social impact hypothesis defended by the stakeholder approach according to which good stakeholder management would generate better performance. In contrast, a liberal view postulates that CSR would divert the company from its main mission of profit maximization. Regarding the causality of the relationship, two hypotheses are also theoretically defensible: on the one hand, it is the available fund hypothesis that would play an initiating element in CSR practices. Corporate governance best practices now require organisations to comply and report on CSR and Environmental Social Goals (ESG) which give rise to conflict of interest between investors and other stakeholders. Investors need profits while other stakeholder like customers and the government want corporate social responsibility.

Heated arguments always arise at Dairibord Holdings between Marketing director and Finance Director on whether to fund the CSR or not, due to lack evidence or enough information concerning the impact of CSR on financial performance. At one time the argument reached a situation where tempers were high the CEO Mr Mandiwanza had to intervene in order to cool the tempers when the marketing department proposed to donate USD\$1 500.00 worth of groceries and toiletries to orphans and the elderly in order to improve the quality of life and standard of living for these vulnerable groups as part of CSR in 2021, which was however donated. The Marketing Director argued that CSR has a positive impact on sales while Finance Director argued that CSR reduce profits and should be deferred or even stopped. These conflicts problem coupled with lack of awareness on CSR prompted the researcher to investigate on the impact of corporate social responsibility on the financial performance of listed companies focusing on Dairibord Holdings and a listed company on the Zimbabwe Stock Exchange, which is seen to be significantly practising CSR. This research has been

done in other countries like UK and America but it was not done in a Zimbabwean context particularly for the listed companies leaving a research gap for the researcher to carry out the study. While the impact of CSR on company performance has been researched in many countries, literature on the impact of CSR on financial performance is scarce in Zimbabwe.

### **1.3 Purpose of the Study**

The aim of this research is to study the impact of corporate social responsibility on the financial performance of Dairibord Holdings.

### **1.4 Research questions**

#### **Major research question**

1. What is the impact Corporate Social responsibility on financial performance of Dairibord Holdings?

#### **Research sub-questions**

2. How does CSR influence the sales of Dairibord Holdings?
3. What is the effect of CSR on the profitability of Dairibord Holdings?
4. How does CSR impact on the total cost of Dairibord Holdings?
5. How does CSR influence customer buying decisions?

### **1.5 Research objectives**

## **Major research objective**

1. To establish the impact of Corporate Social responsibility on financial performance of Dairibord holdings.

### Research sub-objectives

2. To assess the influence of CRS on the sales of Dairibord Holdings.
3. To establish the effect of CRS that profitability of Dairibord Holdings.
4. To assess the impact of CSR on the total cost of Dairibord Holdings.
5. To establish the influence of CSR on the customer buying decisions of Dairibord Holdings.

## **1.6 Significance of the study**

To Dairibord Holdings: It is the researcher's fervent hope that the CRS best practices that will be recommended will improve financial performance Dairibord Holdings.

To Great Zimbabwe University: The University will also add on the literature on impact of CSR on financial performance and implement some of the recommendations that are applicable.

To the stakeholders: The community among other stakeholders will benefit a lot from the corporate social responsibility initiatives recommended from the study.

To the Researcher: The researcher will gain research skills as well as knowledge on the impact of CSR on financial performance.

Other students: Other students will also benefit from the research by getting literature and empirical evidence on the impact of corporate social responsibility on financial performance of companies.

## **1.7 Limitations of the Study**

### **1.7.1 Financial Constraints**

The financial challenges to fund for the travelling and subsistence, printing and stationery to undertake the study was limited and the researcher had to borrow in order to carry out the study within the timeframe.

Power cuts were another limitation and the researcher had to purchase alternative sources of power in the form solar energy to complete the project.

### **1.7.2 Time constraints**

Time was another limitation since the researcher is employed and the researcher had to work during the night and sometime spent sleepless nights to meet the deadlines.

### **1.7.3 Access to information**

The researcher had challenges in accessing books particularly soft copies. Assistance was sought and provided by the library staff on accessing e-library, the Remotex and soft skills were gained on how to download books and journals. Accessing information from the company was also a challenge but permission was sought, and patience was also learnt in that regard.

## **1.8 Delimitation of the study.**

### **1.8.1 Geographical delimitation**

The research focused on Dairibord Holdings at 1225 Rekai Tangwena Road, Harare, as a case study because that is where the Head office of the company is located as well as close to where the researcher is in Harare.

### **1.8.2 Theoretical delimitation**

The study was confined on the stakeholder theory which focuses on satisfying the stakeholders the company who the shareholders, employees, the community and the government. This theory was chosen because it has effects to the two variables in the topic which are Corporate social responsibility and financial performance. If the company practice CSR then it satisfies the its stakeholders who are the employees, government and the community while on the other hand if it performs well financially it also delights its stakeholder like the shareholders, employees and creditors. However, if the company fails to achieve a positive financial performance, it will create fears and unrest among its stakeholders as well as create a bad reputation.

### **1.8.3 Time delimitation**

The research will also focus Dairibord holdings activities from 2018 to 2022 which is more the most recent financial information available and obtainable for the research.

## **1.9 Definition of terms**

**Corporate Social Responsibility:** According to Mohr, Webb and Harris (2021), Corporate Social Responsibility is a company's effort and responsibility to reduce or avoid harmful effects and to maximize its long run positive and useful impact on society.

**Corporate Governance:** The system of rules, practices, and processes by which a firm is directed and controlled. The UK Corporate governance code (2019) defined corporate governance as a system in which companies are controlled and directed.

**Investor:** Wayne (2022) defined an investor as an individual, company or fund that buys securities or other assets with the expectation of profiting from the change in the value of those assets over

time. He added that an investor is any person or other entity (such as a firm or mutual fund) who commits capital with the expectation of receiving financial returns.

**Donation:** A donation is a gift that is voluntarily given for a charitable purpose. In firms, donation expenditure usually occurs when a company voluntarily provides assets to someone who suffers from financial or economic difficulties, and the company does not expect anything in return (Amahalu, Okoye & Nnadi, 2023).

### **1.10 Project Outline**

This study contains five chapters. In Chapter One an introduction to the topical issue was made. A background of the study is given, and the chapter also presents the problem the study intends to answer. A brief justification of the study, limitations, and delimitations of the study as well as definition of key terms also form part of the introductory chapter.

Chapter two shades light on the review of related literature, which basically dwell primary and secondary data where information of what was said by other scholars, authors and researchers on the impact of corporate social responsibility on the financial performance as well as data generated by the researcher.

In chapter three the researcher presents the research methodology that will describe the research design, target population, sample and sampling procedures. This chapter also contains a description of the instruments that will be used in data collection and analysis procedures.

Chapter four will present, analyse and discuss the findings of the research study.

Finally, chapter five will provide the summary, conclusion and recommendations of the study.



## **1.11 Summary**

This chapter introduced the research study. The main thrust was on reflecting on the background of the study, statement of the problem, the purpose of the study and the objectives. Justification of the research was discussed; limitations and delimitations of the study were also discussed. Key terms of the study were defined, and the project outline was also highlighted. The next chapter will be looking at literature review.

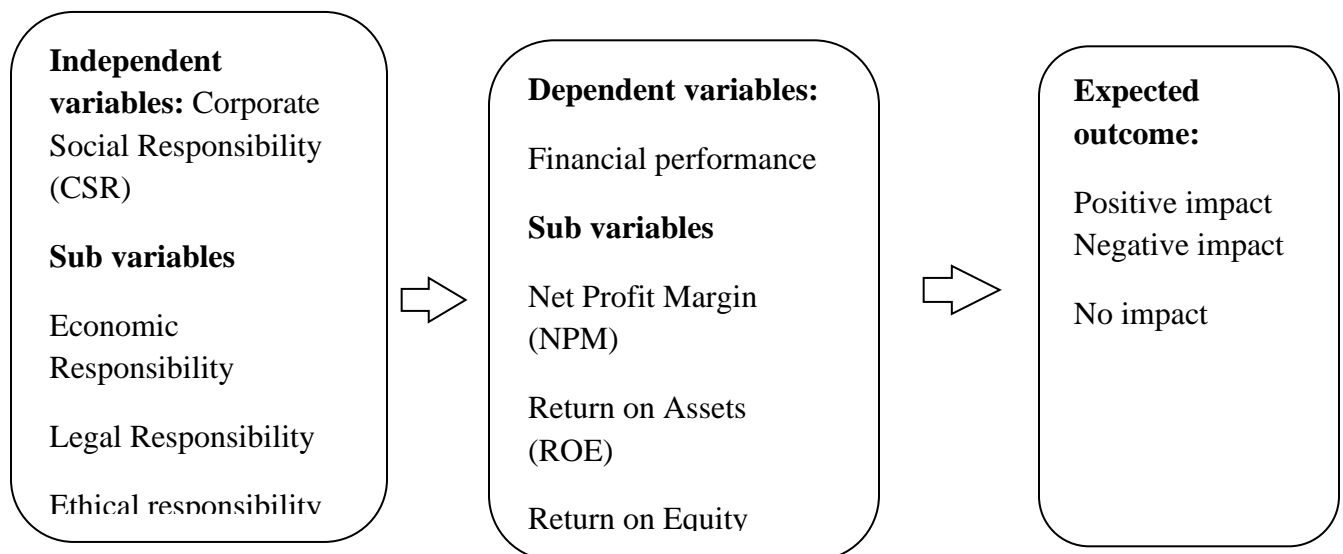
## CHAPTER II

### LITERATURE REVIEW

#### 2.0 Introduction

In the previous chapter, the context and background of the study was introduced. Research objectives and questions were identified. The chapter also described the limitations, delimitations, and reasons for the study. In this chapter, important literature related to the study was reviewed to provide broader understanding of what other researchers said. A review and discussion of the literature on relevant issues about the impact of corporate social responsibility on financial performance was discussed.

#### 2.1 Conceptual Framework



According to Makanyeza *et al* (2018), in addition to improving a business organisation's image and reputation, CSR also helps the business to attract more customers through influencing the way they

perceive the company. In other business spheres, CSR has been conceptualised as a controlling tool that can distinguish one business organisation from the other. Others simply perceive it as a tool used to help a business organisation to achieve its economic, societal and environmental objectives (Makanyeza et al., 2018). Financial performance therefore depends on how the CSR is implemented and if strategically implemented, an organisation can positively or negatively achieve its financial goals in terms of profits, Return on asset and Net profit margin or have no impact at all. Ntoi (2020) said that CRS's influence on financial performance is contested within academia, with researchers asserting that not only can it have a negative or positive impact on financial performance, but also none at all.

## **2.2 The impact of Corporate Social Responsibility (CSR) on financial performance**

According to Ntoi (2020), CSR is a complex and multi-faceted concept that cannot be limited to a distinct premise. It then becomes problematic to define a relationship between financial performance and a single outcome such as CSR. He added that the relationship between a company's CSR and its financial performance is contested within academia, with researchers asserting that not only can it have a negative or positive impact on financial performance, but also none.

Recent studies have defined CSR as an organisation's commitment to minimizing or eliminating any harmful effects while maximising its long-run beneficial impact on society (Al-Abdallah & Ahmed, 2018). Others considered CSR as the commitment to improve the well-being of members of society through optional business practices and contributions of corporate resources. Looking at the diversity of the definitions provided by different scholars, it is apparent that CSR may mean different things to different stakeholders depending on the viewpoint from which CSR is examined. For instance, actors in the marketing field perceive CSR in terms of cause-related marketing, social sponsorship,

environmental marketing, communication with their customers and a promotion vehicle for brand image and reputation (Hossain et al., 2019). Businesses that are convinced by this view believe that CSR can be used as a marketing tool to compete and gain a competitive advantage over their competitors. Supporting this idea, Makanyeza *et al* (2018) observed that in addition to improving a business organisation's image and reputation, CSR also helps the business to attract more customers through influencing the way they perceive the company. In other business spheres, CSR has been conceptualised as a controlling tool that can distinguish one business organisation from the other. Others simply perceive it as a tool used to help a business organisation to achieve its economic, societal and environmental objectives (Makanyeza et al., 2018).

Lyndsey (2019) said that level of performance of a business over a specified period is expressed in terms of overall profits and losses during that time. He added that evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms. The indicators of financial performance in the literature include profitability, stock market value, return on assets, return on equity and economic value added (Fernanda & Costa 2022). According to Fernanda and Costa (2022), profitability is defined as the effectiveness with which management has employed both the total assets and net total assets, as reflected on the balance sheet. This effectiveness is thus gauged by comparing net profit to assets utilised in profit generation. Orlando (2022) also defined return on assets (ROA) as the “net profits of a company divided by its total assets”, return on equity (ROE) as the “net profit after tax divided by total equity” and economic value added as “a measure of profitability that considers the cost of all capital and also corrects for distortions” owing to the accounting reporting procedures employed in different jurisdiction, e.g. International Financial Reporting Standards (IFRS). Stock market value

refers to the prevailing price of a company's share on the open market. Therefore, CSR impacts of financial performance in terms of both accounting-based measures (such as ROA and ROE) and market-based measures (such as stock market value) (Orlando 2022).

### Corporate Social Responsibility (CSR) Pyramid



Figure 2.1: CSR Pyramid. Source: Carroll (1991) CSR Pyramid

Carroll (1991) conceptualised the four responsibilities of CSR as a pyramid of priorities, with economic responsibility forming the foundation upon which the other three responsibilities (legal, ethical, and philanthropic) would exist. According to Carroll (1991), the four responsibilities of CSR as a pyramid of priorities start with economic responsibility, which is concerned with profit making and forming the foundation upon which the other three responsibilities (legal, ethical, and philanthropic) that exist. The legal responsibility is considered second in priority and is concerned with conducting business within the framework of the law, which all business organizations are compelled to conform to. The ethical responsibility, at the third level of the pyramid, ensures that a

business operates without causing harm to society, employees, suppliers, customers and other stakeholders. Philanthropic responsibility is placed at the top of the pyramid and is seen as an obligation and commitment by businesses to their operating environment, rather than just an act of benevolence. Achour and Boukattaya (2022) said that improving a company's CSR can lead to an improved financial performance without necessarily leading to an increase in cost. Heal (2018) argued that CSR affects a company's financial performance by shifting demand away from the stocks of certain companies, stocks such as tobacco and gambling companies, and to the extent that share prices depend on supply and demand, may lead to lower share prices.

According to Orlando (2022), a company's financial performance, as evidenced by increased revenue, can be improved by its CSR through better access to certain markets and product differentiation. They postulated that better environmental performance may ease access to niche markets whereas product differentiation can be used to exploit environmentally conscious market segments. They further affirmed that even if green products are more expensive to produce, the extra cost can be transferred to consumers willing to pay more for environmentally friendly products.

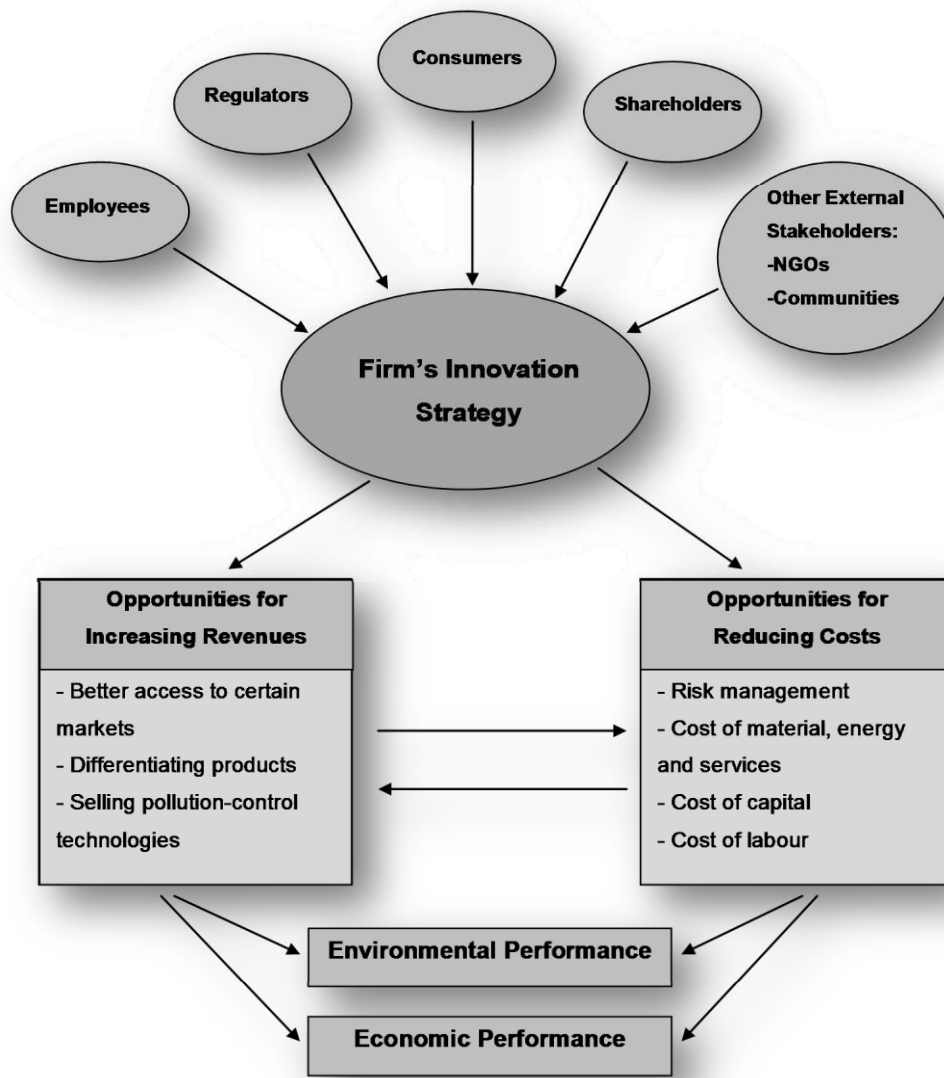


Figure 2.2: Positive Links Between Environmental/CSR and Economic Performance

Source: Ambec, S., Lanoie, P. (2018). Does it pay to be green? A systematic overview. *Academy of management perspectives*.

Ambec *et al.* (2018) asserted that cost reductions associated with CSR, such as risk management and relations with external stakeholders, may lead to improved financial performance. It is argued that improved CSR by a company may lead to improved relations between the company and its stakeholders and thus also mitigate against risks. Companies that avoid producing negative

externalities have lower liability costs and a higher financial performance. Moreover, *Ambec et al.* (2018) said that environmental performance “allows a company to anticipate and decrease the risks associated with future regulation” (*Ambec et al.*, 2018) thus impacting positively on their financial position, as highlighted in Table 1.

Regression and correlation analyses to determine the existence of a relationship between CSR and financial performance have provided inconclusive results with Simpson and Kohlers’ (2019) results, consistent with neoclassical economists, finding a negative correlation (*Achour & Boukattaya 2022*).

According to *Waddock and Graves (2020)*, a positive correlation exists between CSR and financial performance as the actual costs of CSR are minimal compared to the potential benefits to the company. Moreover, the positive correlation between CSR and financial performance is attributable to the “social impact hypothesis”, which states that meeting the needs non-owner stakeholders will have a positive impact on CFP. Lastly, since an inherent tension exists between direct and indirect costs of a company, attempts by the firm to decrease these implicit costs through socially irresponsible actions is thought to result in higher explicit costs (*Waddock & Graves 2020*).

*Christos (2020)* argued that no relationship exists between CSR and financial performance, this is explained by the theory that the general situation of the firm and society is so complex that a simple, direct relationship between CSR and financial performance cannot be found.

*Halme (2021)* highlighted that the inconsistent results on the relationship between CSR and financial performance were due to the exclusion of industry specific variables. The inclusion of these ‘industry-dummy’ variables is intended to take account of industry level factors that explain



variation in firm performance across industries such as the economies of scale. Wingard (2019) expounded on this by stating that as long as there is a lack of control variables and insufficient dependent variables, results on the relationship between CSR and financial performance will remain inconsistent. McWilliams and Siegel (2020) argued that the models used to test the relationship between CSR and financial performance have serious theoretical and empirical shortcomings as they do not consider investment in research and development (R&D), which has been shown to be an important determinant of a company's financial performance. As such, the results of statistical analyses will be inconclusive. In addition, they stated that there was a misspecification in the econometric models developed, with this leading to "upwardly biased estimates of the financial impact of CSR" (McWilliams & Siegel, 2020).

Orlando (2022) hypothesised a direct link between CSR and shareholder value. The hypothesis was based on the premise that first movers (those who respond earliest to the CSR imperative) will earn higher returns on invested capital and attain higher reinvestment rates since their investments are more profitable. This will in turn lead to an increase in free cash flow (FCF) to the firm. Additionally, managing risk better than competitors will result either in lower costs of production (where specific company risks are concerned) or in lower risk premiums for financing (where common factor risks are concerned), which will decrease the weighted average cost of capital (WACC) for the firm. The increase in FCF and corresponding decrease in WACC will result in higher shareholder value (Goodall, 2020).

Among the findings of Berns *et al.* (2021) is the fact that CSR can increase access to capital, financing and insurance. This corroborates O'Rourke's (2020) theory of shareholder activism, which states that CSR has become an important consideration in shareholders' investment

decisions. Van de Velde *et al.* (2019) came to the same conclusion that investors are generally willing to pay a premium for companies with good stakeholder relations.

Berns *et al.* (2021) also found that CSR can lead to a stronger brand and greater pricing power. This finding is largely supported by the findings of Ambec and Lanoie (2018) who found a strong positive correlation between sustainable practices and the value of the business.

According to Nguyen (2022), neither a positive statistical nor even a causal relationship between CSR and financial performance could guarantee that investment in CSR would pay off, as by the very nature of all investments, payoff is not guaranteed. Although this study does not attempt to establish causality between CSR and financial performance a positive correlation would indicate that investment in CSR is likely to pay off.

### **2.3 The influence of CSR on the sales of listed companies.**

Mohr et al (2019) observed that consumers first need to become aware of a firm's level of social responsibility before they factor can impact their purchasing. She added that awareness is arguably the major purpose behind cause-related marketing, a subset of CSR, that is defined by Varadarajan and Menon (2018) as a company promoting that a percentage of sales will go to support a specific nonprofit organization or cause. Studies that measure consumer awareness or knowledge of the more general social responsibility levels of companies could not be found. This is probably because CSR is a broad and complex concept that is challenging to measure. It is speculated that knowledge is fairly low, however, because it is difficult for consumers to acquire and store such information about many of the firms that provide the products they buy. Lack of awareness is

likely, then, to be a major inhibitor of consumer responsiveness to CSR (Varadarajan & Menon 2018).

#### **2.4 The effect of CSR on the profitability of listed companies**

Lyndsey (2019) said that level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. He added that evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms. Orlando (2022) argued that corporations often struggle, however, in deciding how to reconcile these social demands with those of shareholders for profit maximization. Although the majority of studies on the topic have found a significant positive relationship between corporate social responsibility (CSR) and profitability, the payoff from socially responsible programs is not guaranteed and may take time (Orlando, 2022).

The indicators of financial performance in the literature include profitability, stock market value, return on assets, return on equity and economic value added (Fernanda & Costa 2022). According to Fernanda and Costa (2022), profitability is defined as the effectiveness with which management has employed both the total assets and net total assets, as reflected on the balance sheet. This effectiveness is thus gauged by comparing net profit to assets utilised in profit generation. Orlando (2022) also defined return on assets (ROA) as the “net profits of a company divided by its total assets”, return on equity (ROE) as the “net profit after tax divided by total equity” and economic value added as “a measure of profitability that considers the cost of all capital and also corrects for distortions” owing to the accounting reporting procedures employed in different jurisdiction, e.g. International Financial Reporting Standards (IFRS). Stock market value refers to the prevailing

price of a company's share on the open market. Therefore, CSR has impact on profitability in terms of both accounting-based measures (such as ROA and ROE) and market-based measures (such as stock market value) (Orlando 2022).

## **2.5 The impact of CSR on the total cost of listed companies**

Simpson and Kohlers (2002) argued that a company's increased CSR leads to a decline in financial performance as it leads to firms incurring costs that decrease profits and shareholder wealth. In addition, they introduced a "managerial opportunism hypothesis" which looks at moral hazards associated with CSR. It suggests that when financial performance is high, managers decrease expenditure on social performance as they can increase short term profitability and their personal compensation, which is related to short term profitability. Conversely, when financial performance is in decline, managers attempt to divert attention from this by increasing expenditure on social performance.

Omabu (2021) observed that many managers still view CSR as an expense rather than an investment. If increased CSR were demonstrated to lead to increased sales, however, companies would be encouraged to become more socially responsible. To the extent that increased CSR results in improved communities, consumers who live in those communities. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate profits (Omabu 2021). This term is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Omabu 2021). However, if the company fails to achieve a positive social impact, this will create fears among its stakeholders about its image which will increase costs and decrease profits. A company always seeks to reduce its implicit costs, environmental costs, product quality costs, etc (Orlando, 2022). He added that

not practising corporate social responsibility through irresponsible social actions can face higher explicit cost (reputation, payment of penalties, etc.). The inherent tension exists between direct and indirect costs of a company, attempts by the firm to decrease these implicit costs through socially irresponsible actions, is thought to result in higher explicit costs (Waddock and Graves 2020).

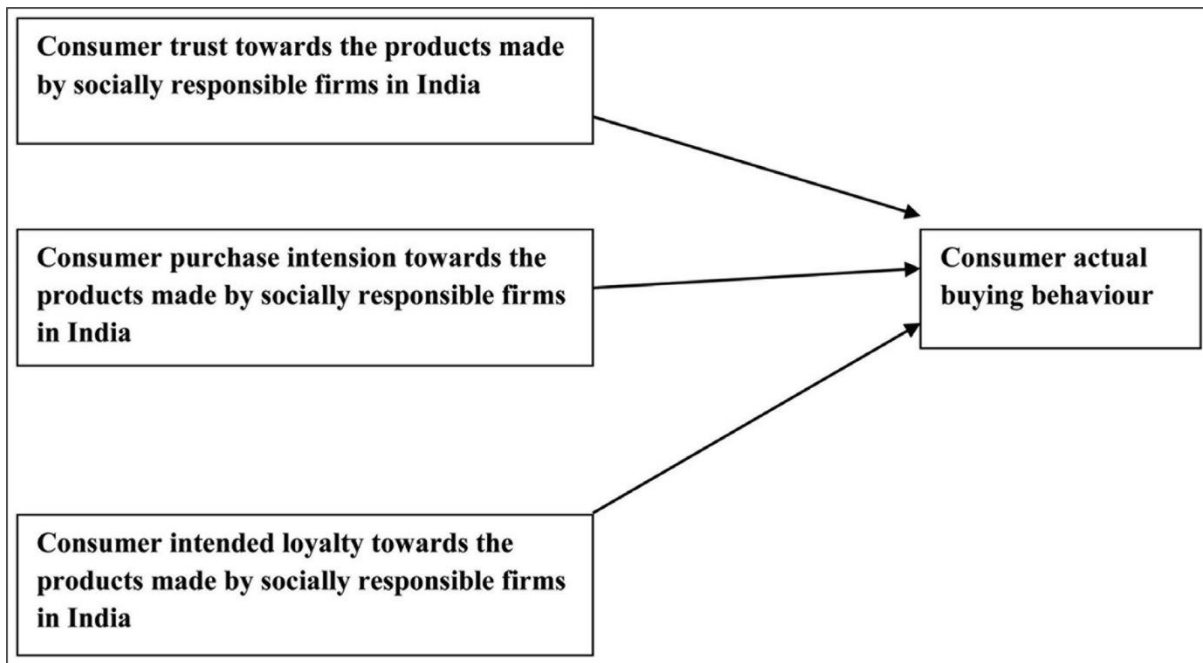
## **2.6 The influence of CSR on customer buying decisions.**

Mohr (2019) said that many consumers want companies to behave more responsibly. The more the consumers use CSR as a consideration when making purchase decisions, the more strongly CSR will affect sales and the more likely companies will be to adopt CSR practices. He also argued that on the negative side, however, the potential to realize increased sales in response to CSR is also tempting to less scrupulous marketers. Consumers need information about companies' levels of social responsibility to differentiate sound CSR programs from those that simply pay lip service to social responsibility (Mohr 2019).

According to Chaudhary (2020), apart from satisfaction, CSR creates loyalty in the customer towards a certain brand and product. Oliver (2020) defines loyalty as “A deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts are having the potential to cause switching behaviour.” Customer loyalty is one of the important factors for the endurance and expansion of the corporate entity. The study by Klein and Dawar has found that CSR has a positive effect on the customer’s intended loyalty since it helps customers in evaluating the merits of the product. Drawing on the “social identity theory,” Marin

et al. (2018) asserts that CSR has a positive impact on consumer loyalty, given that it develops a positive evaluation of the company, and consumers usually associate themselves with the company. According to Chaudhary (2020), Consumer buying behaviour is influenced by consumer trust towards the products made by socially responsible firms, consumer purchase intention towards the products made by socially responsible firms and consumer intended loyalty towards the products made by socially responsible firms in India as shown below.

**Table 2.1: Consumer intended loyalty and actual buying behaviour.**



**The Influence of Corporate Social Responsibility on Actual Buying Behaviour: A Study of Indian Consumers Source: Chaudhary et al (2020).**

## 2.7 Theoretical framework

### 2.7.1 Stakeholder Theory

This research was underpinned on the stakeholder theory. The stakeholder concept was first used in 1963 internal memorandum at the Stanford Research Institute. (Orlando 2022). They defined stakeholders as "those groups without whose support the organization would cease to exist." The theory was later developed and championed by Freeman in the 1980s. Since then, it has gained wide acceptance in business practice and in theorizing related to strategic management, corporate governance, business purpose and corporate social responsibility (CSR). Ntoi (2020) observed that in the late 1990s the concept of sustainability started to include CSR (as well as governance). This paradigm shift came about because of the increase in scandals such as that involving Enron. It soon became clear that unethical behaviour was just as detrimental to society as inappropriate environmental practices. CSR shifted from being the reserve of the corporation chairman and was elevated to business priority. According to Kielstra (2018), CSR has moved along a continuum to a point where today leading companies are looking at aligning business strategy with societal needs.

Corporations are motivated to become more socially responsible because their important stakeholders expect them to understand and address the social and community issues that are relevant to them (Orlando, 2022). Understanding what causes are important to employees is usually the first priority because of the many interrelated business benefits that can be derived from increased employee engagement (that is, more loyalty, improved recruitment, increased retention, higher productivity, and so on). This theory argues that there are other parties involved including the public at large apart from the other four parties.

Stakeholder theory states that if a company satisfies its stakeholders, by carrying out social projects, for instance, it will improve its image and reputation, and thereby it's financial performance (Heal, 2018). However, if the company fails to achieve a positive social impact, this

will create fears among its stakeholders about its image which will increase costs and decrease profits. A company that seeks to reduce its implicit costs, environmental costs, product quality costs, etc (Orlando, 2022). Corporate Social Responsibility through irresponsible social actions should face higher explicit cost (reputation, payment of penalties, etc.). This will have a negative effect on its profitability and competitiveness. Therefore, authors who support this view predicting a positive correlation between CSR and financial performance. This assumption is called “positive social impact” or “good management”. According to Cristache et al. (2022), integration of social responsibility dimensions into companies’ strategies, would help to increase their long-term performance. Supporting that, Ntoi (2020) said that all the stakeholders need a fair share of the cake, and they can only get it if the firm is profitable hence the financial performance of the firm should be health in order to delight its stakeholder. He argued that the stakeholder theory is premised on the idea of satisfying stakeholders rather than improve financial performance.

Another important ethics question deals with which stakeholders are legitimate from the firm’s perspective. It is a common misconception that stakeholder theory casts a very large net in terms of who is considered a legitimate stakeholder (Phillips, Freeman and Wicks, 2003). Freeman, following Ackoff (1974), defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (1984:46). The notion of legitimacy is further clarified by the definition that a stakeholder represents a “group that the firm needs in order to exist, specifically customers, suppliers, employees, financiers, and communities” (Dunham, Freeman, and Liedtka, 2006).

Stakeholder language has been critical to helping CSR scholars identify and specify the “social” obligations of business both conceptually (Davis 1981). Nevertheless, the concept and capabilities of CSR, which rely on a separation between business and societal interests, and also a separation



of business and ethics, fall short in addressing the three problems that stakeholder theory aims to solve. The problem of value creation and trade does not fall into the scope of CSR, unless how a company creates value effects society negatively (Davis 1981). CSR has nothing to say about how value is created because ethics is cast as an after-thought to the value creation process or, alternatively, is considered the all important criterion that supercedes profits.

## **2.8 Empirical evidence**

Shafat and Zameer (2018) examined the relationship between corporate social responsibility and financial performance of listed companies in the Indian context. Secondary data has been collected for 28 Indian commercial banks listed in Bombay stock exchange (BSE), for the period of 10 years (2007–2018). The OLS regression results indicated that CSR exerts positive impact on financial performance of the Indian banks. The findings of the study provided great insights for management, to integrate the CSR with strategic intent of the business and renovate their business philosophy from traditional profit-oriented to socially responsible approach.

In Romania, Simionescu and Dumitrescu (2018) empirically examined the relation between Corporate Social Responsibility (CSR) practices and Company Financial Performance (CFP) for firms listed on the Bucharest Stock Exchange. Likewise, the study analyzed the CSR policies adopted by the companies as CSR practices towards six types of stakeholders that influence the CFP. Using principal component analysis, they developed a CSR index and several specific indices for CSR practices. By estimating cross-sectional regression models, the study provided support for a positive relationship between CSR and CFP, when companies implement CSR policies regarding

employees, environmental protection, and ethics as social practices (Simionescu & Dumitrescu 2018). Further, the empirical findings showed that companies responsive to the CSR concept and those considering international standards and regulations for quality products and services in their business strategy enhanced CFP.

Akben-Selcuk (2019) investigated the impact of corporate social responsibility (CSR) engagement on firm financial performance in Turkey, and to analyse the moderating role of ownership concentration in the CSR–financial performance relationship. The sample consisted of non-financial public firms listed on the Borsa Istanbul (BIST)-100 index. Results indicated that firms which are engaged in CSR practices believe that their revenues have increased over time due to this engagement, which has proved helpful for the long-term profit maximization of firms (Lu et al., 2019). Moreover, firms believe that it helps in strengthening their overall image in society among their stakeholders, consumers, and investors, etc.

## **2.9 Summary**

In this chapter, the researcher reviewed the important literature related to the study conducted to provide the reader with a brief review and discussion of the literature on relevant issues about the impact of corporate social responsibility on organisational reputation. The conceptual framework, theoretical framework as well as the empirical framework issues was discussed. The next chapter will be looking at the methodology of the study.

## **CHAPTER 111**

## **RESEARCH METHODOLOGY**

### **3.0 Introduction**

Having dealt with literature review in the previous chapter, this chapter discusses the research methodology and research design that was used in this study. This chapter presents the research methodology, research design, population, sample and sampling procedures and research instruments used to study the on the impact of corporate social responsibility on the corporate on performance focusing on Dairibord Holdings. Issues of ethical considerations were also discussed.

### **3.1 Research Philosophy**

The study was underpinned by a pragmatism research philosophy because it aims to look at things as they are represented by facts from the obtained data. The study considered that the two variables which are CSR and financial performance needed to be reconciled because they are different in nature hence a pragmatism research philosophy. The use of a pragmatism research philosophy allowed the research context to be better understood, permit case-specific variables to be better identified and encourage the research process to produce analytical outcomes to a greater extent.

### **3.3 Research Approach**

The research used a deductive research approach where the theories already given where proved with data from the research. This approach was chosen because there are already existing theories on corporate social responsibility which need to be proved in our Zimbabwean context. The existing theories support that there is corporate social responsibility has a positive impact on financial performance which we need to prove with data from the study particularly the stakeholder.

### **3.3 Research Method**

A qualitative research method was used in this study. This came from the pragmatist ideology that the researcher would employ, which dictates that a range of data gathering methodologies should be used and that the research design should make it possible to gather credible, reliable, and pertinent facts that will support further action. A qualitative research method research was used because it offers a more complete and comprehensive understanding of the research problem. However, it has the drawback of requiring more time and resources.

### **3.4 Research design**

The study used an exploratory which is particularly useful if you wish to clarify your understanding of an issue, problem or phenomenon.

According to Robson (2018), exploratory research is a useful tool for learning more about what's going on, looking for fresh perspectives, posing questions, and evaluating occurrences from a different angle. Such investigations place a strong emphasis on the generation of new concepts and insights; as a result, the research design suitable for such studies must be adaptable enough to allow for the consideration of various angles of an issue.

### **3.5 Research strategy**

The research strategy used a case study of Dairibord Holdings, the company is a listed company on the Zimbabwe Stock Exchange (ZSE) and relatively big while it is significantly practicing

corporate social responsibility. A case study was used because it focused on one company, which enables a very close examination and scrutiny and the collection of a great deal of detailed data.

### 3.6 Time Horizon

The study used a cross sectional approach to obtain data because of limited time. This method is also relatively cheaper and less time consuming than other methods.

### 3.7 Population of the Study.

According to Salkind (2018), population refers to the entire group of persons having the same characteristics that are of interest to the researcher. In this research study, the population of 50 people was made up of Accounts Clerks, Assistant Accountants, Accountants, Admin Clerks, Admin Assistants and Administrators who are employees of Dairibord Holdings who are in the finance and admin departments located at their head office in Harare.

### 3.8 Sample and sampling technique

**Table 3.1 Sample size**

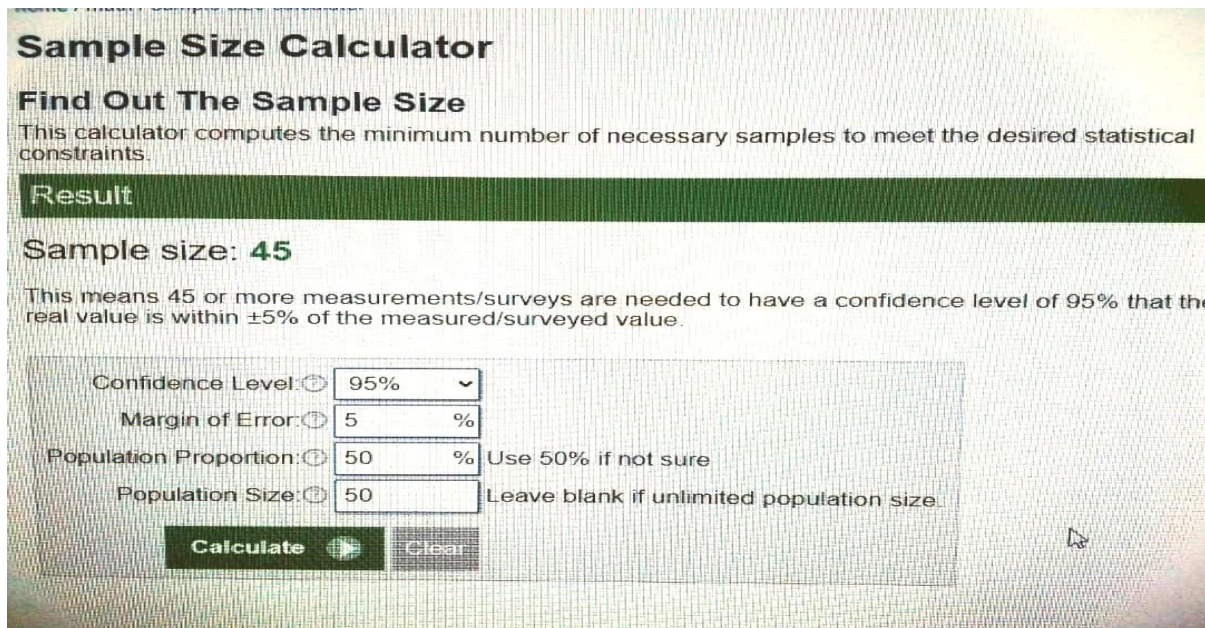
<b>Category</b>	<b>Population Number</b>	<b>Sample Number</b>
Accounts Clerks	10	10
Assistant Accountants	10	9
Accountants	10	9
Admin Clerks	9	8

Admin Assistants	6	6
Administrators	5	4
<b>Total</b>	<b>50</b>	<b>45</b>

**Source: Primary data (2023)**

A sample 45 employees were selected as shown above from 6 groups namely the finance department and administration department. This sample was chosen after calculating using the Krejcie and Morgan sample size calculator at 95% level of confidence, 5% Margin of error, population proportion of 50% and a population size of 50 and the calculated sample size result was 45 participants. The 95% level of confidence was used in this research because according to the Krejcie and Morgan sample size calculator, all researches must have at least 95% level of confidence.

The study used stratified sampling technique to obtain data on financial performance and CSR because the method is illuminative and it also avoids bias. Respondents or employees were arranged in six stratus made up of Accounts Clerks, Assistant Accountants, Accountants, Admin Clerks, Admin Assistants and Administrators. In order to offer each member of the target population to have an equal chance of being chosen, the researcher then chose the respondents from each stratus according to their titles.



**Figure 3.1: Sample size calculations using an online calculator. Source: <http://www.calculator.net/sample-size-calculator.html> (2023)**

### **3.9 Research instruments**

The main instrument used to obtain data was the closed ended questionnaires. The questionnaires were used because they give the respondents time to think about the questions, they improve objectivity and reduce bias since the respondents will be alone when completing the questionnaires. The study used closed ended questionnaires to obtain quantitative data to quantify data with similar questions which can be compared.

### **3.10 Data collection procedure**

This study gathered data from two important sources of data namely primary and secondary data. Primary data was gathered through in-depth questionnaires and secondary data from various

literatures and financial statements of Dairibord Holdings downloaded from their website. Primary data is more accurate because it reflects the situation on ground while secondary data was used to prove the primary data. According to Salkind (2018), primary data involves data gathered by the researcher whereas secondary data is gathered by other people other than the researcher himself.

### **3.11 Data analysis and presentation**

Data collected was presented using excel, pie charts and graphs in order to easily analyse it.

### **3.12 Validity and Reliability**

In this study, positively worded questions were consistently used to ensure validity. All the aspects of the objectives were included in the questionnaires and intense scrutiny was put to sure that the appropriate questions were asked to ensure validity.

Bias was avoided by purposively selecting respondents who participated in the study to ensure reliability of study. The respondents were also given the questionnaires to answer in the absence of the researcher to avoid any bias and ensure reliability of the study.

### **3.13 Ethical considerations**

Ethical issues that were considered in this study are debriefing, permission to collect data, informed consent, protection of participants and confidentiality. Permission to conduct the study



was obtained from the Finance Manager at Dairibord Holdings in Harare and from their employees. Before conducting the study, the purpose and procedures of the study was explained to respondents. All procedures to be followed in the study were informed to the participants. The details about dates and venues of the study were clearly stated. Before conducting the study, it was brought to the attention of the participants that participation is by voluntary and if they wish to withdraw from participating, they were free to do so. However, the respondents were informed that their contribution to the study was of great importance as it would greatly contribute to the knowledge on the impact of CSR on the financial performance of listed companies on Zimbabwe and beyond. Informed consent was obtained from the participants willing to participate in the study. The informed consent was communicated verbally to the respondents. There was assurance from the researcher that he will not use the real names of the participants. Instead of names she used numbers. Participants were guaranteed that all records would be destroyed if their anonymity were to be threatened. This was done for the sake of avoiding biased responses from participants. In case of other problems that might need referral to the data, data was to be kept confidentially.

### **3.14 Summary**

This chapter focused on research methods, research design, population and sampling, data collection instruments, research procedure, data analysis and interpretation and lastly ethical considerations. The next chapter focuses on data presentation, interpretation and analysis.

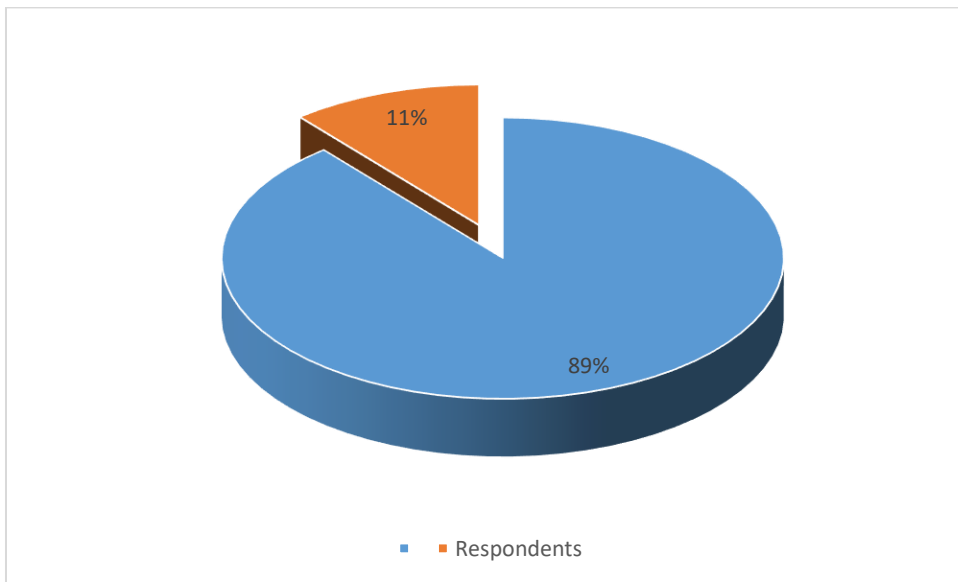
## **CHAPTER IV**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.0 Introduction**

The previous chapter discussed the methodology of the study. The research philosophy, research method, research strategy research design were discussed. The population, the sample and sampling procedures were also discussed. The previous chapter also presented the instrumentation procedure, data collection procedure and ethical consideration issues. This chapter presents data presentation, analysis and discussion of collected data using questionnaires. The researcher used descriptive statistics and line by line method to analyse the data, using themes generated by assumptions, research objectives and research questions.

#### 4.1 Response rate



**Figure 4.1 Response rate. Source: Primary (2023)**

The study targeted a total of 45 respondents as shown on table 4.1, both men and women who above the age of 18 years. This means that a total of 45 questionnaires were distributed and 40 questionnaires were completed and returned. This translated to 89% of the total respondents. According to Salkind (2018) a 50% response rate is adequate, 60% good and above 70% rated very good. Therefore, a response rate of 89% was accepted for this study because it gives very good results which are credible.

## 4.2 Data Presentation

### 4.2.1 Gender of respondents

Variable	Attribute	Frequency	Percentage (%)
Gender	Male	24.00	60
	Female	16.00	40
	Total	40.00	100

**Source: Primary data (2023)**

The study requested the respondents to indicate their respectful gender and the findings (table 4.2) indicated that 60% of the respondents were male while 40% were females, which shows that Dairibord Holdings company is male dominated. The study's findings were not affected by the gender imbalance.

### 4.2.2 Age groups of respondents

Variable	Attribute	Frequency	Percentage (%)
Age	18-25 years	12.00	30
	26-35 years	18.00	45
	36-45 years	5.00	12
	46-55 years	2.00	5
	56 years & above	3.00	8
	Total	40.00	100

**Source: Primary data (2023)**

When the respondents' age groups were classified in (table 4.2) above, it indicated that 30% of the respondents were between 18 to 25 age range. There were 45% who were between 26 to 35 years age group and 12% were between by 36 to 45 age group. There were 5% who were between 46 to 55 age group and 8% were 56 years and above range at Dairibord Holdings employees. The findings shows that almost every age groups were represented which provided objective responses.

### 4.2.3 Position of Respondents

Variable	Attribute	Frequency	Percentage (%)
	Accounts Clerks	10.00	25
	Assistant Accountants	8.00	20
	Accountants	4.00	10
Position Category	Admin Clerks	8.00	20
	Admin Assistants	6.00	15
	Adminstrators	4.00	10
	Total	40.00	100

**Source: Primary data (2023)**

Findings on positions of respondents from the table 4.2 showed that 25% of the were Accounts Clerks. There were 20% of the respondents who were Assistant Accountants and 10% were Accountants. There were 20% who were Admin Clerks and 15% were Admin Assistants. There were 10% respondents who were Administrators. Each group or stratum was represented in order to also provide responses that are more objective.

#### 4.2.4 Level Education of respondents

Variable	Attribute	Frequency	Percentage (%)
	Ordinary level	-	-
	Advanced level	6.00	15
Level Of Education	Diploma level	12.00	30
	University Degree	20.00	50
	Other tertiary	2.00	5
	Total	40.00	100

**Source: Primary data (2023)**

The study also sought to examine the highest level of education of the respondents as presented in the table 4.2 above. There was no one with only O' level as the highest qualification, 15% had Advanced level, 30% had Diplomas and 50% of the respondents dominated with university degrees. There were 2% of the respondents with other qualification like national certificates. Collected data indicated that 20 respondents dominated with university degrees translating to 50%. The findings indicated that all the respondents had at least a qualification which makes them relevant to provide credible and objective responses. According to Palmer (2019), there is a

favorable correlation between respondents' educational attainment and their capacity to offer accurate information for research.

#### 4.2.5 Years of service or experience

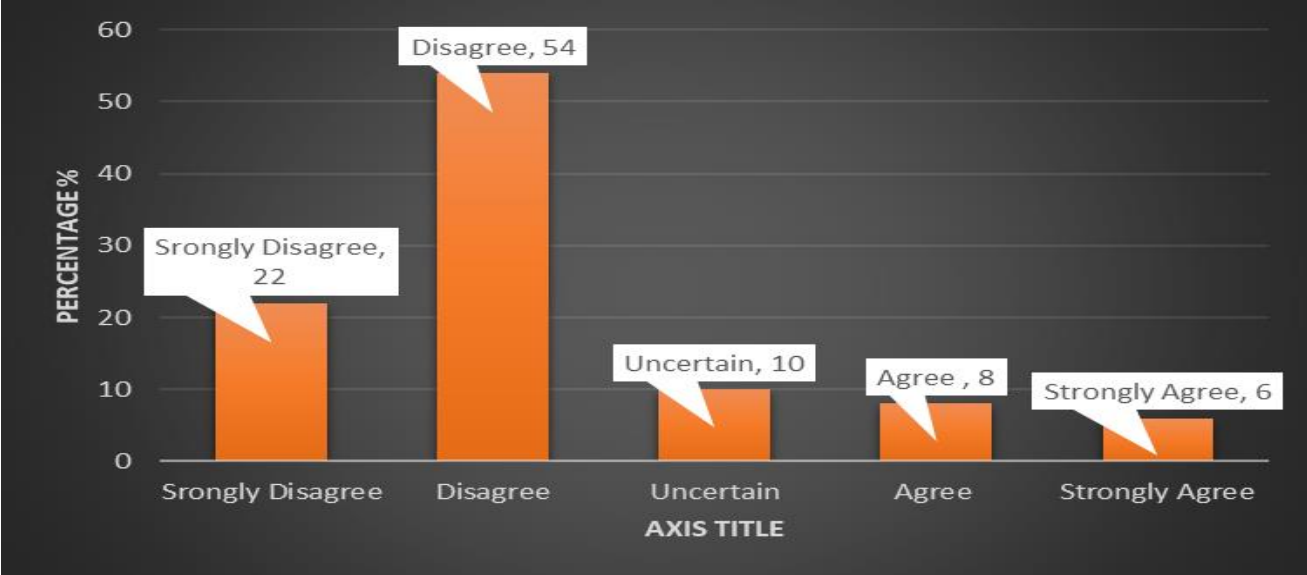
Table 4.5 Years of service or experience			
Variable	Attribute	Frequency	Percentage (%)
	Less than 5 years	10.00	25
	6-10 years	13.00	32
	11-15 years	9.00	23
Years of service	16-20 years	6.00	15
	21 & above	2.00	5
	Total	40.00	100

**Source: Primary data (2023)**

The table 4.2 above also sought to illustrates the results of work experience from the respondents. There were 25% of the respondents who had less than 5 years of service and 32% respondents who were between 6 to 10 years. There were 23 respondents who were between 11 to 15 years of service and 15% of the respondents who were between 16 to 20 years. There were also 5% respondents who were 21 years of service and above at Dairibord. It can therefore be assumed that the respondents had a wealth of experience to provide better and objective responses about Dairibord Holdings' CSR and financial performance information.

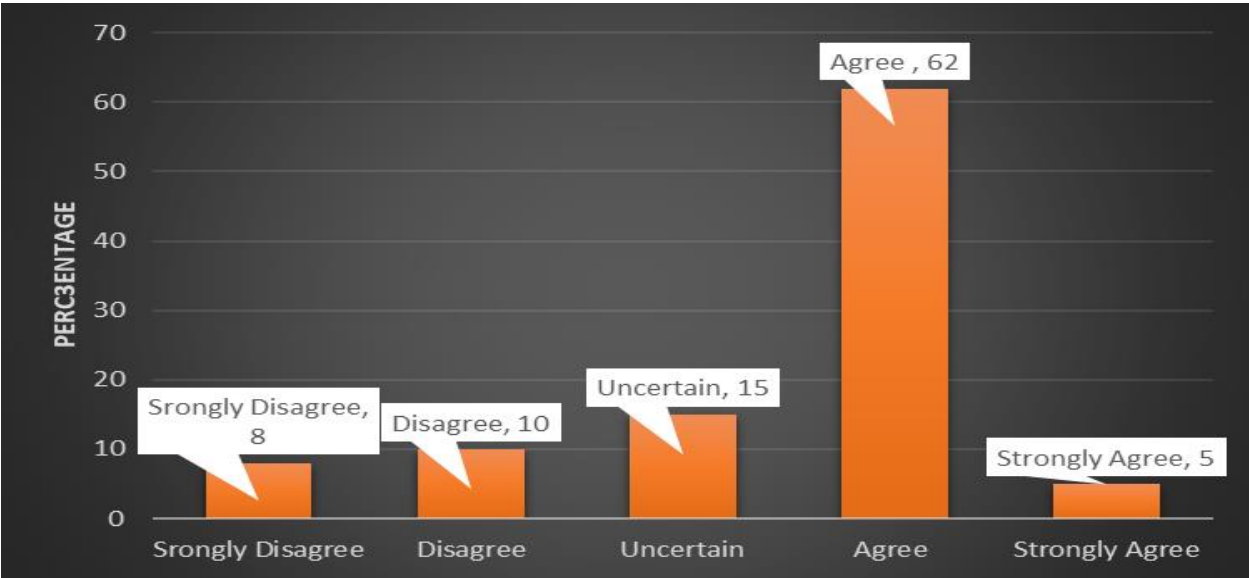
### 4.3 Research findings

#### 4.3.1 The impact Corporate Social responsibility on financial performance of Dairibord Holdings



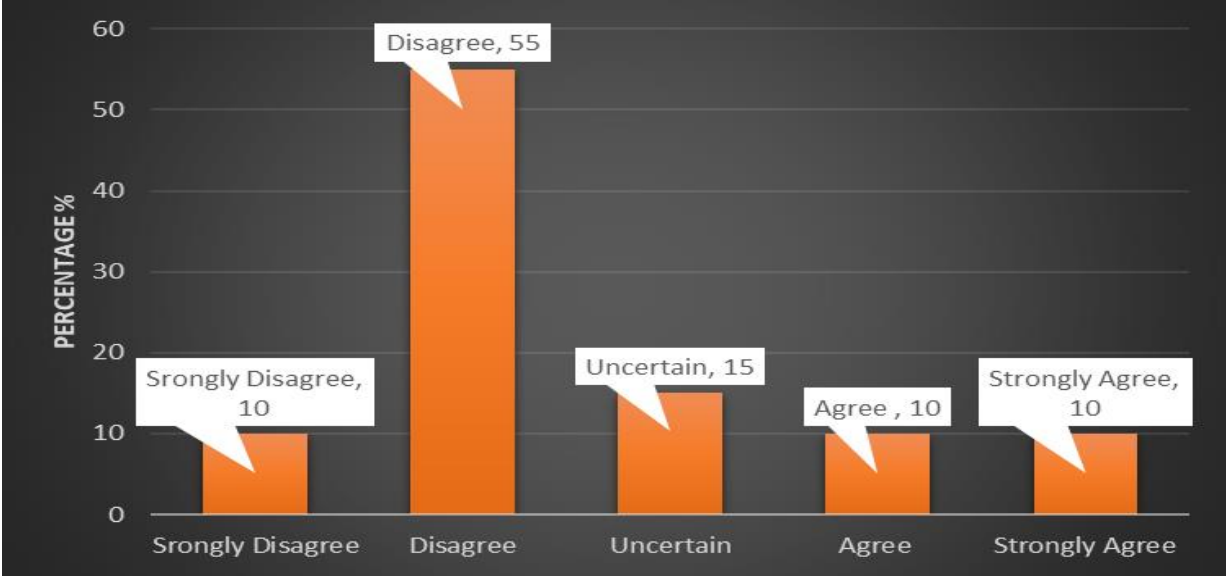
**Figure 4.2: Findings on whether CSR has positive impact on financial performance of Dairibord Holdings because it increases sales? Source: Primary data (2023)**

The study revealed that 54% of the respondents disagreed that CSR has positive impact on financial performance of Dairibord Holdings because it increases sales, 10% respondents were uncertain, 22% respondents strongly disagreed. There were 8% respondents who agreed and again 8% respondents strongly agreed.



**Figure 4.3 Findings on whether CSR has no impact on financial performance because the revenue it generates is taken by CSR expense itself. Source: Primary data (2023)**

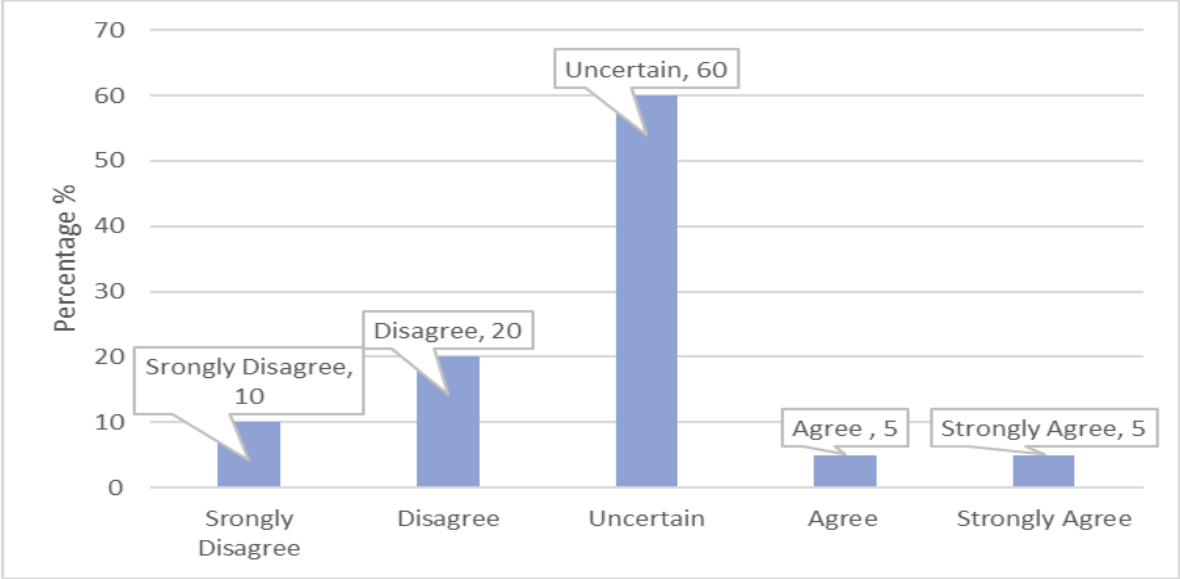
Findings showed that 62% of the respondents agreed that CSR has no impact on financial performance because the revenue it generates is taken by CSR expense itself, which represent the majority, 15% respondents were uncertain, 8% respondents strongly disagreed. There were 10% respondents who disagreed and again 5% respondents strongly agreed.



**Figure 4.4 Findings on whether CSR has a negative impact because the CSR expense outweighs the income it generates? Source: Primary data (2023)**

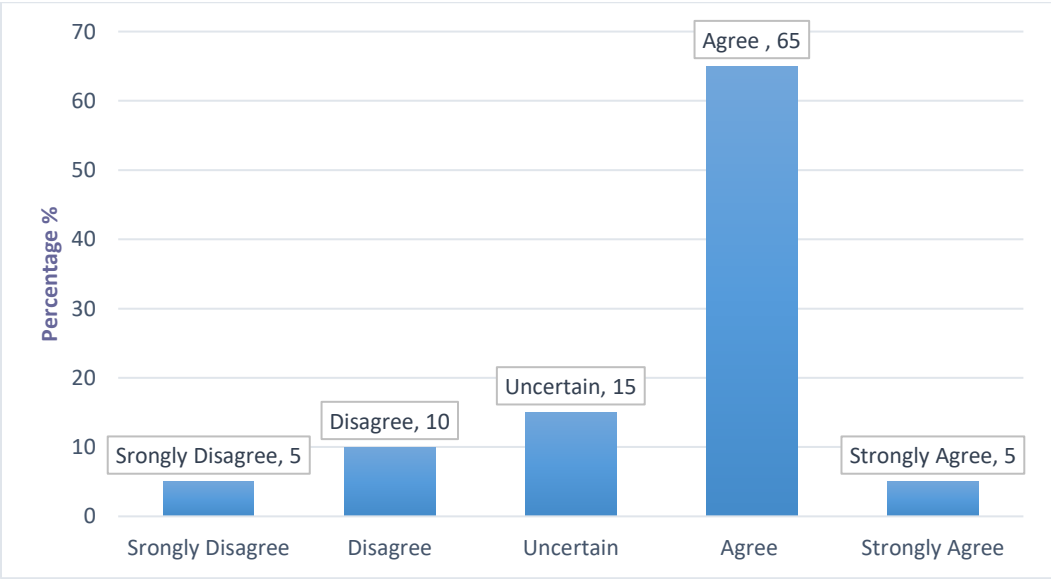
The study revealed that 55% of the respondents disagreed that CSR has a negative impact because the CSR expense outweighs the income it generates, which represent the majority, 15% were uncertain, 10% strongly disagreed. There were 10% who agreed and again 10% respondents strongly agreed.

**4.3.2 The influence of CSR on the sales of Dairibord Holdings**



**Figure 4.5: Findings on whether CSR positively influenced the annual sales of Dairibord holdings by attracting new customers and customer retention. Source: Primary data (2023)**

Data collected from the questionnaires showed that, 60% of the respondents were uncertain that CSR positively influenced the annual sales of Dairibord holdings by attracting new customers and customer retention, 20% respondents disagreed, 10% respondents strongly disagreed which. There were 5% respondents strongly agreed and 5% respondents who agreed.



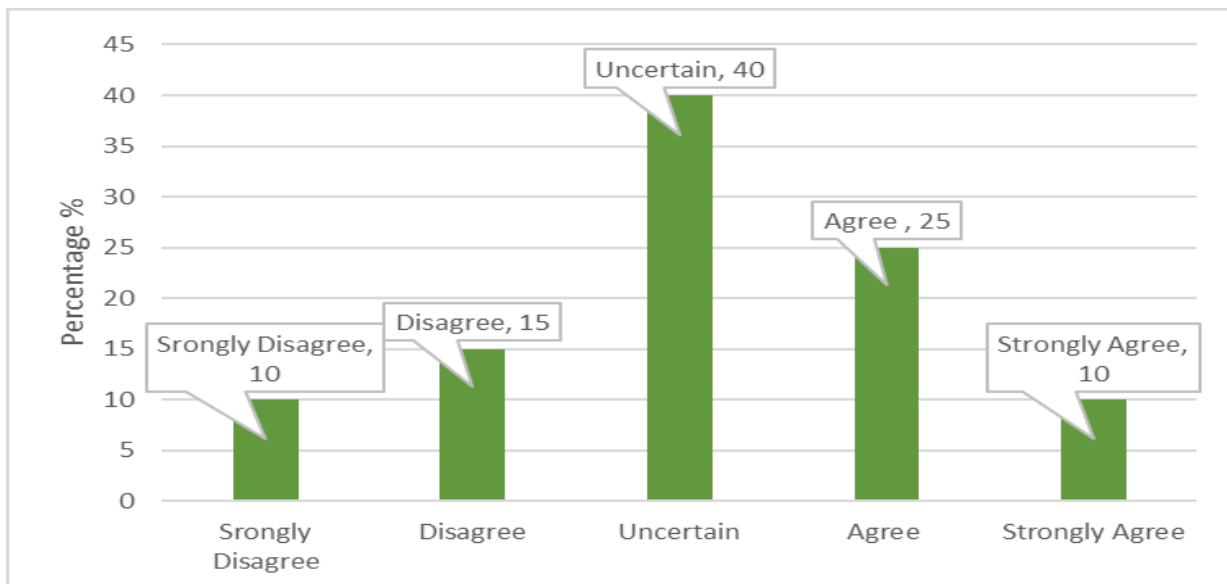


**Figure 4.6 Findings on whether CSR has no influence the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe. Source: Primary data (2023)**

Findings showed that, 65% of the respondents were agreed that CSR has no influence the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe, 15% respondents were uncertain, 10% agreed, 5% respondents strongly agreed. There were also 5% respondents who strongly agreed.

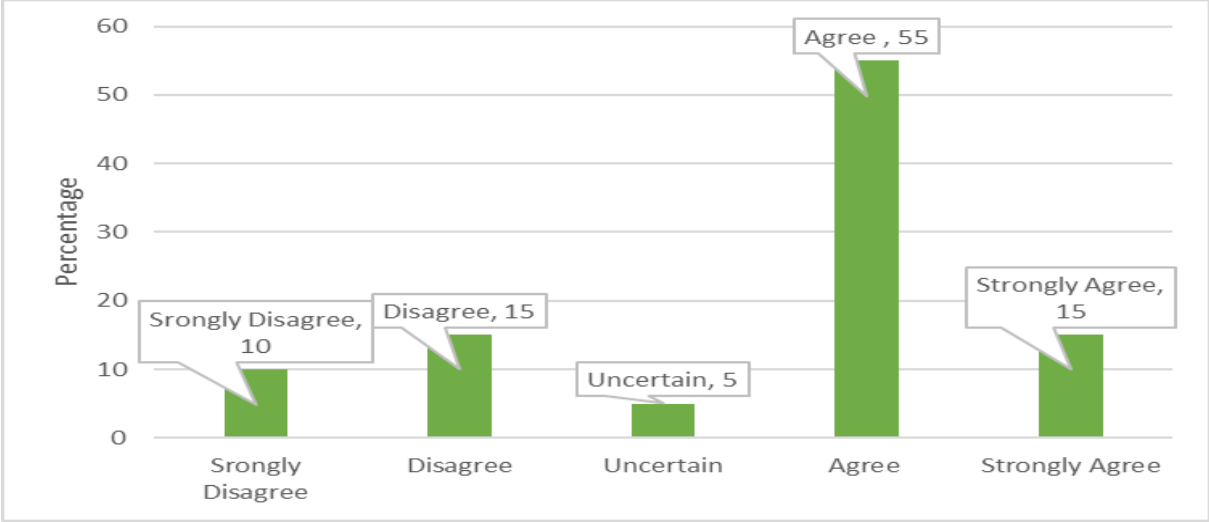
**4.3.3 The effect of CSR activities on annual profitability of Dairibord Holdings**

Question 11 to 13 addressed the effect of CSR on the annual profits of Dairibord Holdings.



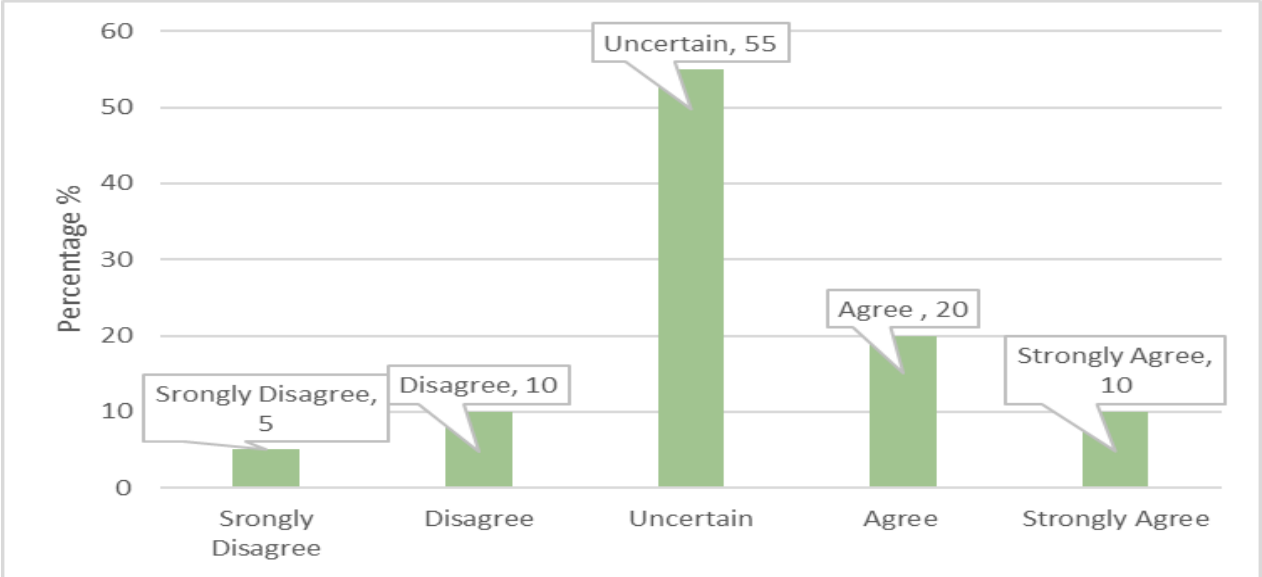
**Figure 4.7 Findings on whether CSR have a positive effect annual profit of Dairibord holdings because it attracts new customers. Source: Primary data (2023)**

Findings revealed 40% of the respondents were uncertain that CSR have a positive effect annual profit of Dairibord holdings because it attracts new customers. There were 25% respondents who agreed, 15% respondents disagreed, 10% respondents strongly disagreed and 10% respondents strongly agreed.



**Figure 4.8. Findings on whether CSR has no effect on the profits of Dairibord because the CSR expenses wipes away the profits that could have been generated. Source: Primary data (2023)**

Findings showed that 55% respondents agreed that CSR has no effect on the profits of Dairibord because the CSR expenses wipes away the profits that could have been generated. There were 15% respondents who disagreed, 15% respondents agreed, 10% respondents strongly disagreed and 5% respondents were uncertain

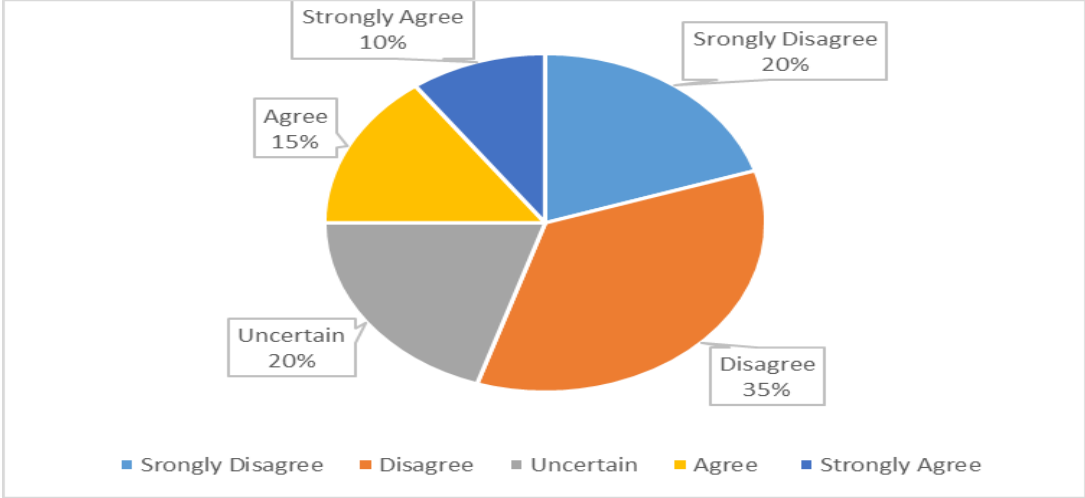


**Figure 4.9 Findings on whether CSR reduces profits by increasing expenses of Dairibord Holdings. Source: Primary data (2023).**

Findings revealed 55% respondents were uncertain that CSR reduces profits by increasing expenses of Dairibord Holdings. There were 20% respondents who agreed, 10% respondents disagreed, 5% respondents strongly disagreed, and 10% respondents strongly agreed.

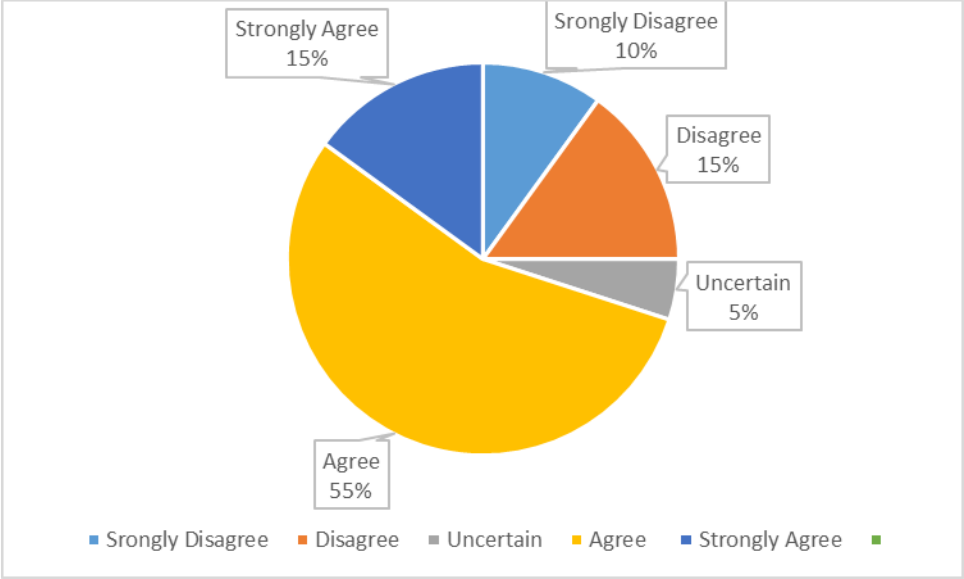
**4.3.4 The impact of CSR on the total costs of Dairibord Holdings.**

Question 14 to 16 addressed the impact of CSR on the total costs of Dairibord Holdings



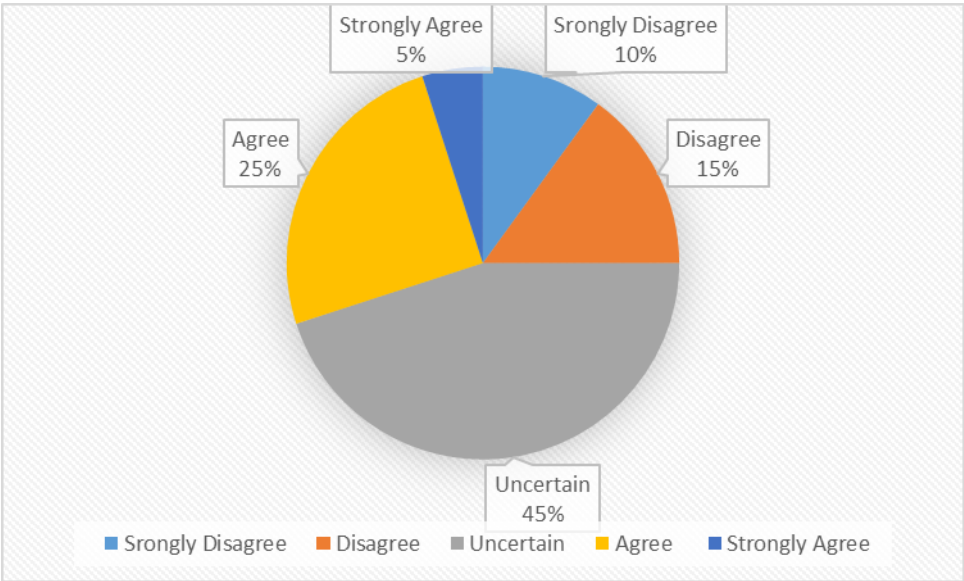
**Figure 4.10. Findings on whether CSR activities have positive impact of CSR the total costs of Dairibord Holdings because it reduces cost by obtaining tax relief from Zimra. Source: Primary data (2023)**

The study showed 35% of the respondents who disagreed that CSR activities have positive impact of CSR the total costs of Dairibord Holdings because it reduces cost by obtaining tax relief from Zimra. There were 20% respondents who disagreed, 15% respondents who agreed, 20% respondents who strongly disagreed and 10% respondents who strongly agreed.



**Figure 4.11 Findings on whether CSR expenses has no impact the total costs of Dairibord Holdings because the revenue it generated is absorbed by tax relief. Primary data (2023)**

Findings revealed that 55% of the respondents agreed that CSR expenses has no impact to the total costs of Dairibord Holdings because the revenue it generated is absorbed by tax relief. There were 15% respondents who disagreed, 10% respondents who strongly agreed, 10% respondents who strongly disagreed and 5% respondents were uncertain.

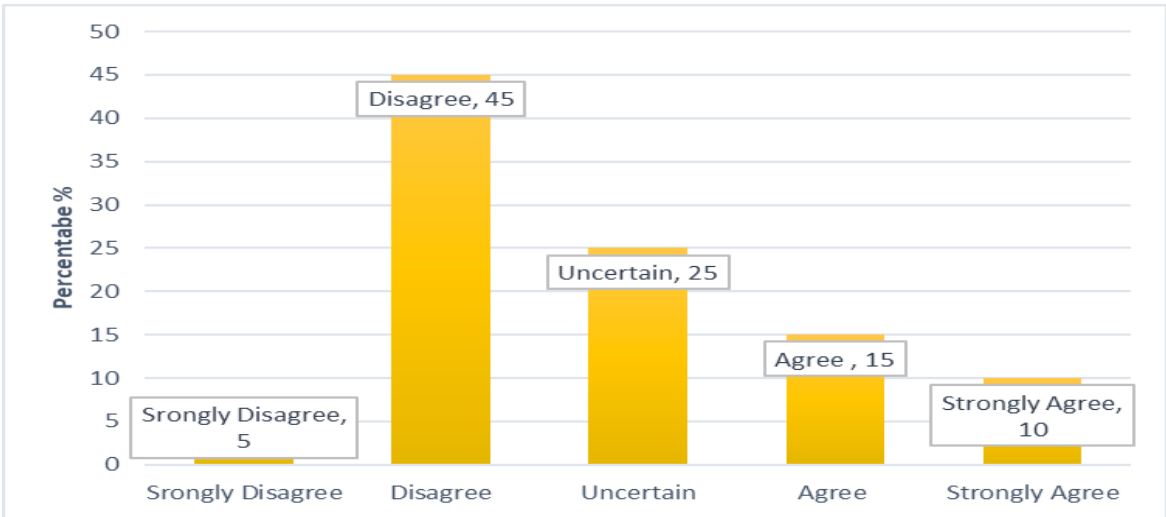


**Figure 4.12. Findings on whether CSR increases expenses and reduce profits of Dairibord Holdings. Source: Primary data (2023).**

Findings revealed that 45% of the respondents who were uncertain that CSR increases expenses and reduce profits of Dairibord Holdings. There were 15% respondents who disagreed, 25% respondents who agreed, 10% respondents who strongly disagreed and 5% respondents who strongly agreed.

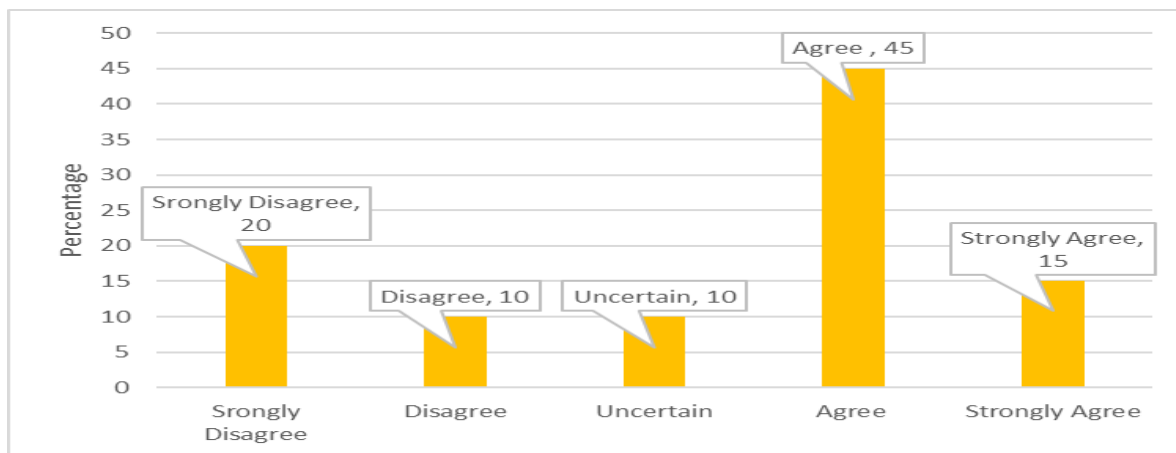
**4.3.5 The influence of CSR on customers’ buying decisions at Dairibord Holdings.**

Question 17 and 18 addressed the influence of CSR on customers’ buying decisions at Dairibord Holdings.



**Figure 4.13 Findings on whether CSR activities positively influenced customers’ buying decisions. Source: Primary data (2023)**

The study revealed that 45% of the respondents disagreed CSR activities positively influenced customers’ buying decisions, and 25% respondents were uncertain. There were 15% who agreed, 10% strongly disagreed and 5% respondents strongly disagreed that CSR activities positively influenced customers’ buying decisions at Dairibord Holdings.



**Figure 4.14 Findings on whether CSR has no influence on customers’ buying decisions because of low disposable income and price sensitivity of customers. Source: Primary data (2023)**

Findings showed that 45% of the respondents agreed that CSR has no influence on customers’ buying decisions because of low disposable income and price sensitivity of customers, 20% strongly disagreed, 10% respondents were uncertain. There were 15% respondents who strongly agreed, 10% disagreed that CSR has no influence on customers’ buying decisions because of low disposable income and price sensitivity of customers.

#### **4.4 Discussion of findings**

##### **4.4.1 The impact of CSR on financial performance of Dairibord Holdings**

The questions 6 to 9 were designed to determine the CSR had impact on financial performance of Dairibord Holdings. The majority of respondents agreed that CSR had no impact on financial performance of Dairibord Holdings because the revenue it generates is taken by CSR expense itself. Most respondents disagreed that CSR has positive impact on financial performance of Dairibord Holdings because it increases sales of Dairibord Holdings. Again, most of the respondents disagreed that CSR has a negative impact because the CSR expense outweighs the income it generates? According to Punzisani (2021), the 2021 financial statements showed potential negative impacts from intermediaries resulting in beneficiaries being short changed and

disagreeing with stakeholders on focus areas. The findings are agreeing that CSR has no impact on financial performance of Dairibord Holdings as argued by Cristos (2020). According to Cristos (2020), there is arguably no relationship between CSR and financial performance, this is explained by the theory that the general situation of the firm and society is so complex that a simple, direct relationship between CSR and financial performance cannot be found. Therefore, the findings revealed that CSR does not have any impact on the financial performance of Dairibord Holdings because the revenue it generates is taken by CSR expense itself.

#### **4.4.2 The influence of CSR on the sales of Dairibord Holdings**

The study sought to also find out the influence of CSR on the sales of Dairibord Holdings from the questions 9 and 10. The majority of respondents agreed that CSR has no influence on the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe. On the other hand most of the respondents were uncertain that CSR activities positively influenced the annual sales of Dairibord holdings by attracting new customers and customer retention. According to Varadarajan and Menon (2018) said that CSR is a broad and complex concept that is challenging to measure, and it is difficult for consumers to acquire and store CSR information about many of the firms that provide the products they buy. Therefore, the study revealed that CSR has no influence on the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe.

#### **4.4.3 The effect of CSR on the profitability of Dairibord Holdings**

Questions 11 to 13 sought to find the effects of CSR activities on the annual profits of Dairibord Holdings. Data collected showed that the majority of respondents agreed that CSR has no effect on the profits of Dairibord because the CSR expenses wipes away the profits that could have been

generated. On the question of whether CSR activities have a positive effect annual profit of Dairibord holdings because it attracts new customers, most of the respondents were uncertain. Most respondents were also uncertain that CSR reduces profits by increasing expenses of Dairibord Holdings. According to Orlando (2022), although the majority of studies on the topic have found a significant positive relationship between corporate social responsibility (CSR) and profitability, the payoff from socially responsible programs is not guaranteed and may take time. The findings revealed CSR has no effect on the profits of Dairibord because the CSR expenses wipes away the profits that could have been generated which resonates with Orlando (2022)'s assertion.

#### **4.4.4 The impact of CSR on the total costs of Dairibord Holdings**

Questions 14 to 16 sought to address the impact of CSR on the total costs of Dairibord Holdings. The majority of the respondents disagreed that CSR has a positive impact of CSR on the annual costs of Dairibord Holdings. The majority of the respondents agreed that CSR expenses has no impact the total costs of Dairibord Holdings because the revenue it generated is absorbed by tax relief. On the question of whether CSR activities have positive impact of CSR the total costs of Dairibord Holdings because it reduces cost by obtaining tax relief from Zimra, most of the respondents disagreed. Most of the respondents were uncertain that CSR increases expenses and reduce profits of Dairibord Holdings According to Simpson and Kohlers (2002), a company's increased CSR leads to a decline in financial performance as it leads to firms incurring costs that decrease profits and shareholder wealth. The study revealed that CSR expenses has no impact the total costs of Dairibord Holdings because the revenue it generated is absorbed by tax relief.

#### **4.4.5 The influence of CSR on the customers' buying decisions at Dairibord Holdings**



Questions 17 and 18 sought to find out the influence of CSR on the customers' buying decisions at Dairibord Holdings. The majority of respondents from questionnaires agreed that CSR has no influence on customers' buying decisions because of low disposable income and price sensitivity of customers. On the other hand, most of the respondents disagreed that CSR activities positively influenced customers' buying decisions. According to Varadarajan and Menon (2018), CSR is a broad and complex concept that is challenging to measure, and it is difficult for consumers to acquire and store CSR information about many of the firms that provide the products they buy. The findings revealed that CSR has no influence on customers' buying decisions because of low disposable income and price sensitivity of customers which agrees with Varadarajan and Menon's assertion.

#### **4.5 Summary**

This chapter presented the data, analysed and discussed the findings from the collected data using questionnaires. The researcher used descriptive statistics and line by line method to analyse the data, using themes generated by assumptions, research objectives and research questions. The findings were analysed and discussed in line with the objectives and research questions linking the to the literature and empirical evidence.

## **CHAPTER V**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

The previous chapter covered the presentation, analysis, and discussion of data collected from the study. This chapter presents on the research's overall findings, conclusions, and recommendations. This chapter also aims to provide recommendations on topics for further research and address any problems pertaining to the impact of CSR on financial performance of Dairibord Holdings.

#### **5.1 Summary of chapters**

The study aimed to establish the impact of Corporate Social responsibility on financial performance of Dairibord holdings.

Chapter one gave a background of the study is given and the problem the study intends to answer. The main objective was to establish the impact of Corporate Social responsibility on financial performance of Dairibord holdings. A brief background, justification of the study, limitations, and delimitations of the study as well as definition of key terms also form part of this chapter.

Chapter two covered conceptual and theoretical framework as well as empirical evidence. Literature from many scholars pointed that CSR has a positive impact on financial performance of companies. Several scholars also said that CSR positively influence the sales, the profit and the customer buying decisions while also reducing implicit costs through socially responsible actions which reduce penalties.

The methodology was covered in chapter three where the study used a pragmatic research philosophy. A qualitative research method was used, and an exploratory research design were used in the study. The study had a population of 50 employees of Dairibord Holdings and a sample of 45 participants was selected from the population. The case study research approach and stratified sampling technique were used in the study. The research made use of closed ended questionnaires as tools for data collection.

Chapter four presented, analysed and discussed the collected data from the study. The data presented graphically, using charts, and in table format. Findings did not support the literature and theories as would be normally expected, but rather showed that the theory was not applicable at Dairibord Holdings scenario. Findings showed that CSR had no impact on financial performance of Dairibord holdings.

## **5.2 Summary of major research findings**

### **5.2.1 The impact of CSR on financial performance of Dairibord Holdings**

The findings revealed that CSR does not have any impact on the financial performance of Dairibord Holdings because the revenue it generates is taken by CSR expense itself as indicated by the majority of respondents. The findings are in agreement with Christos (2020), who said that there is arguably no relationship between CSR and financial performance, this is explained by the theory that the general situation of the firm and society is so complex that a simple, direct relationship between CSR and financial performance cannot be found.

### **5.2.2 How does CSR influence the sales of Dairibord Holdings**

The findings showed that CSR has no influence on the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe as indicated by the majority of respondents who agreed that CSR has no influence on the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe. According to Varadarajan and Menon (2018) said that CSR is a broad and complex concept that is challenging to measure, and it is difficult for consumers to acquire and store CSR information about many of the firms that provide the products they buy.

### **5.2.3 The effect of CSR on profitability of Dairibord Holdings**

The findings revealed that CSR has no effect on the profits of Dairibord because the CSR expenses wipes away the profits that could have been generated as supported by majority of the respondents. According to Orlando (2022), although the majority of studies on the topic have found a significant positive relationship between corporate social responsibility (CSR) and profitability, the payoff from socially responsible programs is not guaranteed and may take time.

#### **5.2.4 The impact of CSR on the total costs of Dairibord Holdings**

The study revealed that CSR has no impact the total costs of Dairibord Holdings because the CSR costs is absorbed by tax relief from Zimra as indicated by the majority of the respondents. According to Simpson and Kohlers (2002), a company's increased CSR leads to a decline in financial performance as it leads to firms incurring costs that decrease profits and shareholder wealth.

#### **5.2.5 The influence of CSR on customers' buying decisions at Dairibord Holdings**

The findings revealed that CSR has no influence on customers' buying decisions because of low disposable income and price sensitivity of customers which was supported by the majority of respondents. According to Varadarajan and Menon (2018), CSR is a broad and complex concept that is challenging to measure, and it is difficult for consumers to acquire and store CSR information about many of the firms that provide the products they buy.

### **5.3 Conclusions**

It was established that corporate social responsibility has no impact on financial performance of listed companies in Zimbabwe because the revenue it generates is taken by CSR expense itself as it was determined in the case of Dairibord holdings. It was also concluded that CSR does not influence the sales of listed companies. It was established that CSR activities have no effects on the profitability of listed companies in Zimbabwe because the CSR expenses wipes away the profits that could have been generated. The study also conclude that CSR activities does not have significant impact on the annual costs because the CSR costs is absorbed by tax relief from Zimra. It was also established that CSR has no influence on customers' buying decisions because of low

disposable income and price sensitivity of customers as it was determined in the case of Dairibord Holdings, a listed company on the Zimbabwe Stock Exchange. It was also established that literature must not always be relied upon but need to be research based because in the study literature said there CSR had a positive impact on financial performance of companies but the reality on ground in the case of Dairibord Holdings showed otherwise.

#### **5.4 Recommendations of the study**

- ❖ From the findings it was recommended that expenditure on corporate social responsibility should be monitored and controlled within the capacity of the company because it was established that CSR does not have an impact on financial performance of listed companies in Zimbabwe. CSR may not be assumed to have a positive impact on financial performance of listed companies in Zimbabwe, since it was determined to have no impact on financial performance in the case of Dairibord Holdings.
  
- ❖ Listed companies in Zimbabwe may not spend much on Corporate Social Responsibility with a view to increase their sales because it has been established that CSR activities do not have influence on the sales of Dairibord Holdings.
  
- ❖ Listed companies in Zimbabwe may practice CSR in order to be good corporate citizens and satisfy their stakeholders, not to increase profits because it has been determined that CSR activities have no positive effect on the annual profits.

- ❖ Listed companies may practice CSR within their capacity without much fear on the costs because the study has established that CSR activities have no impact on the costs of listed companies.
  
- ❖ It is also recommended that listed companies may practice CSR activities to influence customers' buying decisions because it has been determined that CSR activities do not influence customers buying decisions at Dairibord Holdings rather companies may control prices to influence customers' buying decisions.
  
- ❖ Investors may not be attracted to invest in a company because of a merely impressive CSR reporting or supporting theory because the CSR report does not guarantee profits, return on investment it was established in the case of Dairibord Holdings that CSR does not have any effect on the profitability of listed companies in Zimbabwe.

## **5.5 Recommendations for further research**

- As the current study is only focused on financial performance, it is recommended that further research be done on the impact of corporate social responsibility on the organisational reputation of listed companies.
  
- As this research is focused on listed companies, it is recommended that further research be done on the impact of corporate social responsibility on financial performance of small and medium enterprises.

- As the current study used a mixed research approach it is recommended that further research be done on the impact of Corporate social responsibility on financial performance of listed companies using a quantitative research approach.
- Further research should be done on the relationship between Environmental Social Goals (ESG) reporting and financial reporting for listed companies.

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## **Permission Letter**



### **MUNHUMUTAPA SCHOOL OF COMMERCE**

### **DEPARTMENT OF ACCOUNTING AND INFORMATION SYSTEMS**

**Dear Sir/Madam**

My name is Moses Chakurira, a student at Great Zimbabwe University doing Master of Professional Accounting and Corporate Governance degree. This questionnaire is part of a research project to understand the impact of Corporate Social Responsibility on the financial performance of the Dairibord Holdings. Your responses will enable me to have a full understanding of this topical issue.

The information you provide will be treated in the strictest confidence. Please do not write your name or address anywhere on this questionnaire. Your answers will be used as the main data set for the research project I am doing in partial fulfilment of the requirements of a Master of Professional Accounting and Corporate Governance degree at Great Zimbabwe University. The completed questionnaire will be collected from you by me, or any other person authorised by me tomorrow in the afternoon.

If you have any questions or would like further information, please do not hesitate to call or Whatsapp me on 0773 583 678 or email me at [chakuriram@gmail.com](mailto:chakuriram@gmail.com)

Yours sincerely

Moses Chakurira

### Questionnaire

May you please answer all questions legibly in blue or black ink in the spaces provided or put a tick (✓) as your response where required. If you wish to add further comments, please feel free to do so.

#### **SECTION A: General information**

**Kindly answer the following questions by ticking (✓) or commenting on the spaces provided.**

1. What is your Gender?  Male  Female

2. What is your Age Group?

18-25 years  26-35 years  36-45 years

46-55 years  55 years and above

3. What is your current position?

Accounts Clerks  Assistant Accountants  Accountants

Admin Clerks  Admin Assistants  Administrators

4. What is your highest Level of educational?

Ordinary level  Advanced Level  Diploma level

University Degree level  Other tertiary (Specify):

---

5. How long have you worked for this organization?

Less than 5 years  6-10 years   
 11-15 years  15 -20 years  21 years & above

Accounts Clerks, Assistant Accountants, Accountants, Admin Clerks, Admin Assistants and Administrators

**SECTION B**

Kindly indicate the extent to which the following aspects of Corporate Social Responsibility impact on the financial performance of Dairibord Holdings

Please write your answer on the space provided and tick (√) appropriately on a scale of 1-5.

1- Strongly Disagree, 2- Disagree, 3- Uncertain, 4- Agree, 5- Strongly Agree.

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY OF FINANCIAL PERFORMANCE OF DAIRIBORD HOLDINGS**

	1	2	3	4	5
6. CSR has positive impact on financial performance of Dairibord Holdings because it increases sales					
7. CSR has no impact on financial performance because the revenue it generates is taken by CSR expense itself					
8. CSR has a negative impact because the CSR expense outweighs the income it generates					

**THE INFLUENCE CSR ON THE SALES OF DAIRIBORD HOLDINGS**

9. CSR positively influenced the annual sales of Dairibord holdings by attracting new customers and customer retention					
10. CSR has no influence the annual sales at Dairibord Holdings because of the low disposable income in Zimbabwe.					

**THE EFFECT OF CSR ON THE PROFITABILITY OF DAIRIBORD HOLDINGS**

11. CSR activities have a positive effect annual profit of Dairibord holdings because it attracts new customers					
12. CSR has no effect on the profit of Dairibord because the CSR expenses wipes away the profits that could have been generated					
13. CSR reduces profits by increasing expenses of Dairibord Holdings					

**THE IMPACT OF CSR ON THE TOTAL COST OF DAIRIBORD HOLDINGS**

14. CSR activities have positive impact of CSR the total costs of Dairibord Holdings because it reduces cost by obtaining tax relief from Zimra					
15. CSR expenses has no impact the total costs of Dairibord Holdings because the revenue it generated is absorbed by tax relief.					
16. CSR increases expenses and reduce profits of Dairibord Holdings					

## THE INFLUENCE OF CSR ON CUSTOMERS' BUYING DECISIONS

17. CSR positively influence customers' buying decisions at Dairibord Holdings					
18. CSR has no influence on customers' buying decisions because of low disposable income and price sensitivity of customers					

THANK YOU FOR TAKING YOUR TIME TO ANSWER THIS QUESTIONNAIRE

**The End**