Sustainable Development and Corporate Social Responsibilities of Foreign Investors in Namibia: Is there a Need for a Mercantile Refocus?

Ralph Marenga¹ and Omu Kakujaha-Matundu²

Abstract

This paper draws focus on various corporate social responsibilities (CSR) by foreign investors within the context of a developing state, Namibia. Consensus has been achieved on the positive impactful role CSRs of foreign investors have in propelling sustainable development of the country. Through the lenses of evolving discourses on the role of CSR by foreign investors in the sustainable development arena, the current paper problematises the rather absent, silent and ambiguous approach the Namibian government has taken in encouraging CSR by foreign investors within the country. This paper found that the legal and policy framework on CSR in Namibia remains ambiguous, especially concerning foreign investors. This has made it impossible for the country to fully benefit from the developmental advantages that CSR activities by foreign investors bring with. Within the context of Namibia, this paper discusses the dynamics involved in the practice and recommends strategies to serve as a guideline in practicing CSR by foreign investors. These strategies centre around the legal, economic, informative and networking spectrums of CSR, with a particular emphasis on profitability (mercantilism) retention by foreign investors in light of it being a liability.

Keywords: Sustainable Development, Corporate Social Responsibility, Foreign Investments, Namibia.

Introduction - Sustainable Development vis-à-vis Corporate Social Responsibilities of Foreign Investors

The role of corporate social responsibility (CSR) by foreign investors in promoting the sustainable development of host countries has received considerable attention across a number of disciplines in recent years. CSR and its impact on sustainable development has been mostly considered in the context of developing countries where private sector firms (including those by foreign investors) go beyond their own profit making motive and aid host governments meet their developmental goals and objectives. Contemporary advances in the field of development studies have led to a renewed interest on the role of stakeholders in accelerating local and national development. With this extension in literature, attention has been deliberately drawn to the role of foreign investors, taking into account the impactful nature foreign investments often have in host countries. This may be, for example, through the provision of employment opportunities for locals (which may significantly reduce unemployment rates), contribution to host country gross domestic product (GDP) etc. Provided that these benefits are sustained for a long period and result in a temporary to permanent alteration to the economic and social landscape of the host country, this according to Dobers and Halme (2009) provides for a sustainable development impact. It is for these reasons that the scholarly community has observed an increase in recognising the positive prospective role the CSR of foreign investors may play in developing a host country sustainably.

In providing more clarity to the concept of CSR, Fontaine (2013) defines it as business model that regulates itself in pursuit of the company’s social accountability to itself, its stakeholders, and the public. The practice of CSR allows company’s consciousness on their economic, social and environmental impact to the broader community.

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In this case, business operations would be executed in ways that heighten its positive impact on the society, environment and the economy, as opposed to a reckless pursuit of profits. Deducing from the above, it is worth noting that CSR is generally a broad concept that permeates through various forms, often dependent on the company itself, as well as the host country. CSR activates what is sometimes referred to as Corporate Social Initiatives (CSIs) that are usually aimed to provide benefits to a community or person(s) without the expectation of direct monetary gains.

However, critics of CSR such as Lin, Chang and Dang (2015) have advanced the notion that it is a costly exercise that stems to be an expense without any returns. Valjakka (2013) contradicts this stance and provides a new view and indicates that companies often boost their image/brand, which serves to be a long-term benefit to the firm. For example, a foreign investor with a positive brand image would always benefit from higher sales as consumers often identify with their products through CSR initiatives. This is observed with the case of First National Bank Namibia Holdings (Now FirstRand Namibia), who have annually engaged in CSR initiatives (FirstRand Namibia, 2018). The successful nature of CSR activities by a company often comes as a result of efficacious internal responsibility practices. This is expressed towards the shareholders in terms of profitability rates. This becomes obvious as trends suggests that profit making companies usually adopt CSR activities through which they plough back into society. Hence this practice is primarily followed by large corporations, such as multinational companies (MNCs), who may also feel inclined to set examples of ethical and corporate behavior for its peers.

The CSR contributions of foreign investors to community development provides a leeway for the attainment of various sustainable development goals of the Namibian government as expressed in its various development goals and objectives. Another notable example is that of the Standard Bank’s Buy-a-Brick initiative. This CSR initiative is geared towards raising awareness about the plight and deplorable living conditions of no and low income communities in Namibia. Annually, the collective proceeds from these “token bricks” (erasers) are handed over to the Shack Dwellers Federation of Namibia for the funding of decent brick houses for its members through an affordable savings scheme basis (Standard Bank, 2019). As Kotler and Lee (2005) and Valjakka (2013) support, this stems to provide benefits for both Standard Bank (foreign investor) through improved brand image, and government through the achievement of some of its goals and objectives. However, it should be noted that CSR activities may only provide a long-term positive impact if benefits from such activities have a long lasting impact, thereby allowing for development that is sustainable. Drawing attention to the concept of sustainable development, the United Nations (1987) defines it as:

“…development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (p. 37).

Although the contemporary idea of sustainable development is derivative generally from the 1987 Brundtland Report, it is similarly entrenched in prior notions of sustainable forest management and twentieth century environmental concerns. The evolution of the concept overtime has today come to concentrate principally on economic and social development as well as environmental protection for future generations. The term sustainability should be seen as a drive towards the achievement of the human-ecosystem symmetry, whereas sustainable development refers to the all-inclusive method and progressive practices as a pathway to the end point of sustainability (Shaker, 2015).

Recent positive and impactful CRSSs of foreign investors in the developed world have led to a proliferation of studies that aim at bringing to the fore the prospective role of foreign investors in aiding underdeveloped states attain development. This has been brought forth by writers such as Jamali and Karam (2018) who states that progressive and impactful CSR is most needed in developing countries, especially those in Africa. Nonetheless, there has been increased concern on the governance related challenges (corruption) in Africa that create an unfavorable investment location (Kimeu, 2014). This element has often been overlooked in contemporary studies (e.g. Herrmann, 2004; Byrch, Kearins, Milne, & Morgan, 2009) on the role of CSR in sustainable development.

Results from an earlier study by Herrmann (2004) demonstrates a strong and consistent association between the achievement of host country sustainable development and through CSRs. An example in this regard can derived from the experience of Nigeria, a country that has overtime managed to develop sustainably in the oil sector through the CSR activities of foreign investors from Azerbaijan. In this case, it has been observed that the sustainability and CSR orientation of a foreign investor is largely dependent on the host environment as enunciated in its policy and legal framework on foreign investments.
Although it is naturally found that foreign investors have no obligation to have CSRs, Kotler and Lee (2005) and Valjakka (2013) indicate that they often stand to benefit more as a sustainable brand. As such, CSRs should not only be viewed as an expense by the foreign investor.

A number of researchers have explored risk factors that are associated with foreign investments that do not prioritise CSRs in their strategic plans and found that such investments often result in unsustainable business practices that try by all means to maximise on profits (Thomsen, 2010; Clarke, 2017). Such foreign investments may find themselves negatively impacting the host community in pursuit of this profit. One major theoretical issue concerning foreign investment CSR and its impact on sustainable development centers around the crafting of mechanisms that ensure foreign investors are corporately responsible, without serving as a disincentive for foreign investment in the concerned investment location. To date, literature suggests that host governments of foreign investors have found it difficult to strike a balance between the two (Albareda, Lozano, & Ysa, 2007). The practicing of CSR by foreign investors often comes as a result of a self-regulatory and imposed approach (institutional or industry based) within the firm itself.

Through the lenses of these evolving discourses on the practice of CSR by foreign investors in the sustainable development space, the current paper problematises the absence, silence and ambiguous approach of the Namibian government in encouraging CSR by foreign investors within the country. This, according to Turyakira, Venter and Smith (2014) deprives the country of the possible benefits CSR activities could bring forth for sustainable development in general. The above mentioned ambiguous approach is further supported by the National Policy on Volunteerism that indicates that vigorous encouragement of volunteering in the private sector (including foreign investors) is trifling from the side of government (Republic of Namibia, 2014). Furthermore, as noted by Knight and Clark (2009), foreign investors may in some instances not act out of their own accord to practice CSR if it is not being encouraged by host governments through legislation rather than through mere recommendations and proposals only.

The issue of recommending and proposing is most important as government cannot make it obligatory for foreign investors to practice CSR in addition to other spillovers such as employment creation. Additionally, making CSR obligatory may also make Namibia an unfavorable investment location. This begs the questions: Does the Namibian government adequately encourage CSR by foreign investors? How could the Namibian government better position itself to ensure maximum benefit through CSR derived from foreign investors for purposes of sustainable development? In answering the above questions, this paper starts off by theoretically locating itself as a point of reference in understanding the phenomena of CSR, followed by an exposition on the legal framework on CSR in Namibia. Furthermore, the paper reflects on the implementers of CSR activities and the value of CSR for foreign investors. The paper rounds up by providing recommendations and strategies on promoting CSR for sustainable development within the Namibian setup.

**Theoretical Framework**

The need to understand CSR and the prospects it has in contributing to sustainable development should be placed within the context of the factors that propel a foreign investor to be corporately responsible, or not. To provide a sketch on this, this paper borrows from the work of Milton Friedman and his theory on CSR, as well as Mercantilism as applied from a business perspective. In applying Friedman’s theory on CSR, one might ask the question: What are a foreign (investor) firm’s “social responsibilities towards the host country?” Milton Friedman’s well-known response is:

“...a corporation’s responsibility is to make as much money for the stockholders as possible. In a free-market economy, there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game. It is the responsibility of the rest of us to establish a framework of law such that an individual in pursuing his own interest is, to quote Adam Smith, ‘led by an invisible hand to promote an end which was not part of his intention’” (Friedman, 1962, p. 133).

Interpreting the above position by Friedman, from an economic perspective it becomes obvious that profit making and corporate social investment can co-exist. This perspective recognises that Friedman’s earlier stance on profit making, being the principle goal for any private sector business, could be exploited as an avenue through which CSRs could be practiced. The need for a regulatory framework that promotes CSRs resonates with the work of Friedman (1962), where he states that:

“such a framework of law would provide for a benchmark and point of reference on issues pertaining to the practice and enhancement of CSRs” (p. 133).
Notwithstanding this, such a regulatory framework should not overlook the need to maximise profits for foreign firms and encourage them to be corporately responsible. The emphasis on maximisation of profit making as a route to achieving CSR takes on a mercantilist approach. In this context, Friedman’s CSR theory pegged against mercantilism jointly advocate for the formulation and implementation of a legislative framework that fosters the profitability of foreign firms (investors), while simultaneously encouraging them to conduct their business responsibly. This stems to be quite multidimensional, as taking on a mercantilist approach in legislation would serve as an incentive for foreign investors in choosing an investment location. As such, creating a favorable (mercantilist) environment (tax holidays, guarantee on repatriation of profits etc.) serve as a greater requisite to ultimately benefiting from the CSR activities of a firm. The logic here is that, a foreign investor will not engage in CSR if their firm is not profitable.

**Foreign Investments for Sustainable Development**

The notion of sustainable development presents a challenge for policy makers and goes beyond the traditional concerns for economic growth. The principle underpinning of the notion of sustainable development is that present growth should not be at the expense of future generations or of social equity both within and across countries worldwide (Byrch et al., 2009). It raises environmental concerns about renewable resources and degradation of the ecosystem, as well as social ones regarding the marginalisation of the poorest countries and of unskilled workers, a respect for core labour standards, and of increasing income inequality (Byrch et al., 2009). As indicated earlier, the concept of sustainable development is generally attributed to the 1987 Brundtland Report of the World Commission on Environment and Development (WCED) that tied traditional economic objectives to environmental concerns by recognising the needs of future generations (United Nations, 1987). Kline (2012) contends that in order for foreign investors to aid with sustainable development, their investment projects must be commercially sustainable themselves while also promoting the host country’s development on economic, environmental, social and governance measures. In the specific context of Namibia, this resonates with the Namibia Investment Promotion Act (NIPA)(Act No. 9 of 2016), which emphasises, amongst other things, attracting foreign investments that supports government developmental goals (Republic of Namibia, 2016).

General consensus has been reached on the influence foreign investments can have on the developmental processes of a country (Nyambura, 2013). The economic, social, environmental and governance issues that are of particular interest to this paper have been reflected in the Sustainable Development Goals (SDGs) by the United Nations Development Programme (UNDP) of which Namibia is a signatory (UNDP, 2016). Therefore, in light of the SDG’s, Namibia should further position itself strategically to ensure they meet national and international goals through maximum utilisation of foreign investments and the positive prospects it offers (Marenga, 2017). This can be achieved through adequate laws and policies that allow for foreign investors to remain sustainable on social issues, the economy, environment and governance, as reflected and included in their business goals, objectives, mission and vision. It remains germane that these are reflected in the CSR output of foreign investors.

The ongoing process of liberalising trade and investment regimes offers both challenges and opportunities in implementing sustainable development policies (OECD, 2014). For example, issues may arise at the interface of policies or rules designed to encourage trade and inward investment and those designed to further environmental or social objectives through CSR activities. Because of the long-term focus inherent to the notion of sustainability, the most important influence of investments may well be its indirect influence on environmental and social performance, both nationally and globally. Similarly, Namibia has been engaged in efforts to ensure its developmental processes are sustainable and therefore inherent for the long-term efforts. Issues of sustainability have been reflected in national goals and objectives. For instance, Vision 2030 reflects that the principle of sustainable development is the cornerstone on which the strategies for realising its objectives are premised (Republic of Namibia, 2004).

Clearly, the Namibian government has recognised the contribution sustainable development can have on driving the overall developmental strategies as enshrined in Vision 2030. It further states that the overriding prerequisite for the achievement of dynamic, efficient and sustainable development in Namibia is Partnership (Republic of Namibia, 2004). Partnership with foreign investors on CSR activities can aid government in meeting its own developmental goals and objectives. The above determinants of development can be greatly aided by the CSR activities of foreign investors. Baafi (2009) supports this assertion by stating that foreign investments can significantly contribute to the attainment of the host country’s goals and objectives. However, this can only be achieved through the development of laws and policies that encourage these foreign investors to be more responsible economically, socially, environmentally and in corporate governance.
On the other hand, an increasing number of foreign investors are responding to public concerns regarding environmental and social issues, as can be seen in the recent rise in corporate voluntary initiatives. This rise in corporate social responsibility (CSR) also impacts on sustainable development. Nonetheless, the contributions that foreign investors can make towards sustainable development of a country can be significant if it institutionalises the values and principles of CSR through legislation. This brings us to the section here-below that provides an overview on the legal framework on CSR in Namibia.

Legal Framework for CSR in Namibia

The NIPA(Act No. 9 of 2016) serves as the principal legislation that guides the entry of foreign investors into Namibia, and their subsequent investment operations. Furthermore, when it comes to the CSR volunteering activities, the National Policy on Volunteerism provides some guidance. It should be noted that Namibia has not witnessed advanced focus both scholarly and legally hence the ambiguous face this field/practice/area takes on. In the context of the NIPA(Act No. 9 of 2016), it provides for:

“the promotion of sustainable economic development and growth through the mobilisation and attraction of foreign and domestic investment to enhance economic development, reduce unemployment, accelerate growth and diversify the economy; to provide for reservation of certain economic sectors and business activities to certain categories of investors; to provide for dispute resolution mechanisms involving investment; and to provide for incidental matters” (Republic of Namibia, 2016, p. 2).

The NIPA (Act No. 9 of 2016) makes reference to the need for propelling sustainable development through the use of foreign investments (Republic of Namibia, 2016). Ambiguity surfaces through the fact that foreign investors naturally contribute to sustainable development through the positive spill-overs (employment, training, technology transfers etc.) they provide, hence the need to further specify the encouragement of CSR activities that advance sustainable development. CSR activities would usually go beyond the inherent spill-over benefits from the foreign investor. Though inferred indirectly through sections that emphasise contribution of foreign investors to sustainable development, the Act is completely silent on CSRs. This is a huge flaw that has been overlooked, especially in light of the adopted SDGs by the United Nations, to which Namibia is a signatory.

Contrastingly, the National Policy on Volunteerism provides some guidance on the promotion and practice of CSR activities by the private sector. Although limited, the policy’s fourth objective on sustainable funding, inter alia, encourages the integration of volunteering (as an expression of CSR) into the CSR policies of private sector companies. The hope is that, according priority to this within private sector CSR policies will build momentum and allow for meaningful partnerships. As a means to encouraging the integration of volunteering into CSR policies of private sector companies, the policy has the following three (3) strategies:

“1) …government will encourage private sector companies to integrate volunteerism into their CSR policies; 2) This will deepen the impact of programmes implemented under such policies, and build greater goodwill for the companies; and 3) The Government will endeavour to offer rewards for private sector companies, which provide for volunteering in their CSR policies”. (Republic of Namibia, 2014, p. 21).

The offering of rewards for practiced CSR activities provides for an impactful approach. This is supplemented by Clarke (2017) who narrates that incentivizing (i.e. tax holidays, reduced tariffs on utilities etc.) CSR activities by foreign investors will go a long way in ensuring they remain corporately responsible and have a long lasting positive impact on the sustainable development direction a country takes. If such incentives are not well formulated and transparent, they could lead to rent-seeking by both companies and bureaucrats. This will in turn defeat the purpose of incentivising CSR.

Whose Responsibility Is CSR?

Some national governments promote socially and environmentally responsible corporate practices. The heightened role of government in promoting CSR has facilitated the development of numerous CSR programmes and policies (Albareda, Lozano, & Ysa, 2007). Various governments around the world have pushed companies to develop sustainable corporate practices. Resonating with the work of Adam Smith, CSR advocates argue that governments should set the agenda for social responsibility with laws and regulation that describe how to conduct business responsibly (Albareda, Lozano, & Ysa, 2007). According to Armstrong and Green (2012), regulators face a complex problem if they are to improve on the welfare outcomes that arise from free-market interactions, such as those present in Namibia. In order to do so, they must meet basic conditions to help ensure that regulation will allow for improved regulation and coordination than market solutions. They further state that, welfare is likely to be reduced by
a CSR or CSI regulation if the regulator (Government/MNC management) fails to meet any of the following common-sense conditions:

- Know stakeholder’s endowments, relationships, and preferences;
- Describe in detail how the situation could be changed to the benefit of those affected;
- Design rules that will produce the intended changes;
- Design rules that will not produce unintended changes;
- Resist pressures to modify the rules in ways that would reduce the total benefit;
- Ensure those affected by the rules know and understand them;
- Establish rewards and punishments to ensure the rules are followed;
- Establish fair procedures for resolving disputes arising from enforcement of the rules;
- Change rules when the situation changes, as with inventions or scarcities; and
- Keep the administrative costs of the rules below the value of the benefits (Armstrong & Green, 2012).

The variations among foreign owned companies complicates regulatory processes for governments. This complexity brought into relief an alternative way of self-regulation by foreign investors which allows each corporate actor to balance profits and social responsibility without cumbersome governmental involvement. Studies suggest that mandated CSR distorts the allocation of resources and increases the likelihood of irresponsible decisions (Armstrong & Green, 2012). In an effort to address the above two contrasting views, an alternative provided by Ung (2009) sheds more light. Ung (2009) states that one of the most important challenges with CSR is in defining its practice properly and effectively. In this regard, here are a few approaches possible:

- **Government/Public led initiatives**, where standards of proper corporate behaviors are defined by law makers and government agencies.
- **Industry/Private led initiatives**, where standards for good practices are shared and developed by and for the subjects of CSR themselves.
- **Civil society** also has a monitoring and public education role to play, whether through consumer protection organisations or public awareness campaigns (Ung, 2009).

This response by Ung (2009) sets the stage and attempts to involve all stakeholders of foreign investments to take charge in ensuring the CSR of the foreign investors. Generally, CSR by foreign investors provide a multitude of benefits to them and it is not a one-sided cost that yields no gains. This is discussed in more detail in the section here-below.

**Value of Corporate Social Responsibility for Foreign Investors**

As indicated earlier, the value of practicing CSR has been questioned by authors such as Friedman (1970). He made a contentious statement where he states that the responsibility of a company is solely to make profits, a company has no obligation to exercise social responsibilities to society and contribute to government objectives at all (Friedman, 1970). However, a study by Kotler and Lee (2005) has proven that practicing CSR actually benefits companies significantly when they implement it effectively in the long term. Similarly, these benefits usually result in positive spill-overs for the host country. CSR initiatives provide a multitude of benefits to the foreign investor firm. This is enumerated in more detail here-below.

Firstly, CSR generally has a knock-on effect of boosting the company’s reputation and increases brand awareness (Kotler & Lee, 2005; Valjakka, 2013). The company becomes more standout compared to others within the same industry. This also increases sales as customers will more likely choose the one that deals with issues they care more about. Secondly, Kotler and Lee (2005) add that it reduces the operating costs. Some companies who are good corporate citizens focus their CSR efforts on environmental issues. These companies help protect the environment by reducing, recycling or reusing. They also educate employees to be more environmental friendly. Most importantly, they decrease operating costs in the long term as the company saves water, energy or other overhead expenses that are not noticeable. Thirdly, these companies become more recognisable in their CSR practice. Eventually they can reduce advertising costs on their CSR programmes. Lastly, companies with a high reputation and positive image retain employees and attract more talent to work in a socially responsible company (Kotler & Lee, 2005). Current employees feel more honored to work in a company that has implemented a great CSR programme than those who do not. Kotler and Lee (2005) have also found that about 80% of people prefer not to work in a company with bad reputation on its CSR practice.
This is true for Ohorongo Cement, a foreign owned company that manufactures cement in Namibia. It has been singled out as one of the prominent foreign investments with a high CSR output (Russel & Cohn, 2013). Friedman (1970) argues that companies are not serving the best interests of shareholders, employees, and customers if they choose to invest part of the capital into practicing CSR activities. Instead, companies should act towards their desires only, which is to be as profitable as they can be. Yet, the trend appears to be changing. Kotler and Lee (2005) state that 90% of stakeholders expect more from companies apart from making money. They further add that shareholders seek to invest in a profitable company with a higher reputation on social aspects. Consumers emphasise more on the value, quality and brand image other than the price (Kotler & Lee, 2005; Valjakka, 2013). Thus, it is significant to consider having a CSR programme in today’s business environment. CSR needs to be implemented in the organisation not just as an image building exercise, but can be a source of competitive advantage to ensure sustainable business development (Sharma & Mehta, 2012). Integrating a socially responsible culture into foreign owned companies can bring value-added benefits and result in more superior performance, it leads to a more engaged workforce, a more secure license to operate, a more loyal and satisfied customer base, better relationships with stakeholders, greater transparency, a more collaborative community, acceptance by host country government and a better ability to innovate (Eccles, Ioannou, & Serafeim, 2012).

One initiative companies often engage in is corporate philanthropy, which is also closely associated with corporate citizenship. It refers to direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services (Kotler & Lee, 2005). As observed in the case of FirstRand (FirstRand Namibia, 2018), Standard Bank (Standard Bank, 2019) and Ohorongo Cement (Russel & Cohn, 2013), many foreign investors practice their corporate citizenship through philanthropic giving, which ranges from donating money, services, or products to nonprofit organisations, charities and communities, partnering with organisations to raise public awareness on certain issues such as environmental protection, granting scholarships to students, offering technical expertise, knowledge and skills. Crane et al. (2008) indicates that adherence to corporate governance principles is key to the ethical, open and transparent conduct of business dealings. Some of the key practices include creating a positive relationship with the community, taking stakeholders’ interest into consideration when making business decisions, conducting fair and transparent business transactions (Crane et al., 2008). Nonetheless, an ethical company not only does business ethically in front of the public; it also requires an ethical corporate climate and consistent actions behind the scenes.

Furthermore, being corporately responsible requires foreign investors provide an appealing place to work that treats its employees well (McElhaney, 2008). It is especially important not to omit employees in the CSR programme as employees are an important stakeholder in carrying out the company’s CSR programme (McElhaney, 2008). Companies that care about their employees help increase employees’ satisfaction and morale, lower turnover rate, attract more talent, ensure workplace safety, and establish excellent work relations with employees (Kotler & Lee, 2005). A study by McElhaney (2008) suggests that employees are more willing to take risks and bring more creative and innovative ideas to the companies that are corporately responsible and sustainable towards them by observing good employment relations pertaining to inclusivity, promotion prospects and even prior notice of employment termination such as retrenchment. The study discovers that companies that pay more attention to their employees and their well-being enjoy higher levels of customer satisfaction and customer loyalty (McElhaney, 2008).

These findings by McElhaney (2008), are supported by Kotler and Lee (2005) who state that being a socially responsible company will potentially become a competitive advantage in the long run. It will also create a win-win scenario that is beneficial to the development and reputation of the company while simultaneously contributing to the community and protecting the environment. Notwithstanding this, Zhao, Park, and Zhou (2014) report that foreign investors have expressed difficulty in ensuring their operational activities are sustainable vis-à-vis host governments’ objectives. As may be attributed to the case of Ramatex Textiles Namibia (Jauch, 2008), the above-mentioned difficulty arises as the cost of becoming sustainable commonly rests on the company itself. Zhao, Park and Zhou (2014) further report that this may be mitigated by using smart methods and technology that may not always be costly. Additionally, support from the hosting country’s government can be sought in terms of sponsorships to aid a company’s operations become sustainable. This leads the current paper into the sub-section below that delves into the strategies and recommendations for promoting CSRs for sustainable development.
Strategies and Recommendations for Promoting CSRs for Sustainable Development

In an effort to narrow the gap that exists in strategies that promote CSR activities by foreign investors, as earlier problematised (Republic of Namibia, 2014), the current paper thus finds it befitting that it recommends strategies. The Namibian government as a host of foreign investors has found it difficult to strike a balance between making foreign investors corporately responsible without serving as a disincentive for foreign investment to invest in the country. This serves as an important consideration in proposing and recommending strategies for promoting CSRs by foreign investors for sustainable development. Additionally, further consideration was accorded in light of the earlier discussed theoretical framework that grounded itself in Friedman’s CSR theory, pegged against mercantilism. Jointly, these theories advocate for the formulation and implementation of a policy/strategy framework that fosters the profitability of foreign firms (investors), while simultaneously encouraging them to conduct business responsibly.

Governments have shifted their focus towards promoting CSR policies due to the prospects they provide in meeting sustainable development objectives of the country, on a voluntary basis. This shift and drive is deeply rooted in those specific policy objectives that resonate with sustainable development goals and foreign policy such as development assistance and aid. Consequently, developing states such as Namibia, through its government should take on an active role in promoting CSR activities. In providing policy recommendations on promoting CSR, Lu et al. (2019) have grouped them into 4 main areas as follows:

1) Raising awareness of companies and general public about the CSR and building firms’ capacities to implement CSR; 2) Improving the disclosure and transparency of companies CSR; 3) Fostering the Socially Responsible Investment (SRI); 4) Leading in the CSR activities by providing example such as public procurement or applying SRI in governmental funds, applying CSR in public companies etc.” (p. 85).

Furthermore, the specific public policies that promote CSR have been grouped into 4 clusters. These are:

“Legal instruments that are prescribing the desired choices and actions by making use of the state’s legislative powers such as laws, directives and regulations; Economic instruments that provide initiatives to influence behaviour with financial and market measures, such as awards, taxes, tax allowances and subsidies; Informational instruments are based on persuasion by providing relevant information, for example, education, training information campaigns and website platforms; Networking instruments that are based on the networking of stakeholders, assuming that different stakeholders are interested in joined efforts to achieve the shared objectives, like stakeholder forums, negotiated voluntary agreements and public-private partnerships” (Lu et al., 2019, p. 85).

The above strategies serve to be all-inclusive approaches that will see stakeholders take the necessary steps at meeting their CSR responsibilities and policy requirements. This has notably become the trend in a majority of European Union (EU) states have passed regulation on the compulsory disclosure for voluntary activities by foreign investors to measure and report on CSR for sustainability performance. This serves as an important lesson for Namibia as this was introduced through acts of parliament that reflect CSR reporting requirements. Contemporary literature suggests that there about 400 sustainability reporting instruments that have been implemented worldwide. Looking at these through the lenses of CSR, they can be construed as CSR promoting instruments. A study by the KPMG (2016) illustrates that over 400 instruments in 64 world countries have been implemented for this purpose. The above suggests a new paradigm shift that has seen countries around the world according policy importance to the promotion of CSR by firms. Contrastingly, Namibia has not followed suite in this new trend and has significantly treaded extremely slowly, especially with reference to policy and strategy development to promote CSR. Worth noting is the need to ensure the various policy instruments are harmonised and cater for various industries/sectors that foreign investors operate in. However, as indicated elsewhere, an important contribution is the need to ensure that CSR promoting instruments do not actually serve as a disincentive for foreign investors.

In providing strategies and recommendations for promoting CSRs for sustainable development in Namibia, this study adopts and applies the framework on public policies to promote CSR as developed by Lu et al. (2019), and as derived from the best practices adopted in the EU. These are presented in the table below and will be applied and discussed in the context of Namibia.
Table 1: Policy Recommendations for the Promotion of CSR

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<tr>
<th>Legal</th>
<th>Economic</th>
<th>Informative</th>
<th>Networking</th>
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<tbody>
<tr>
<td>Laws and other legal acts that indicate commitments to CSR and reporting requirements for the non-financial information disclosure</td>
<td>Subsidies related to CSR activities, tax allowances and breaks for corporate charity activities</td>
<td>Research and educational activities, i.e., integration of CSR in the curricula of secondary schools, universities, workshops, training etc.</td>
<td>Networks and strategic partnership on CSR, SRI, or voluntary agreement, public procurement networks</td>
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<tr>
<td>Legal acts on CSR reporting or Disclosure laws for pension funds etc.</td>
<td>Awards for the best CSR reports or the best CSR company awards or “naming-and-shaming” with blacklists</td>
<td>Guidelines on CSR reporting or Information on CSR reporting</td>
<td>CSR contact points, Multi-stakeholder forums: GRI, Global Compact etc.</td>
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<tr>
<td>Laws that prohibit certain investments or Laws on SRI in governmental and pension funds etc.</td>
<td>Tax incentives for energy saving, pollution reduction, renewables etc.</td>
<td>Information on SRI: brochures or SRI guidelines and standards</td>
<td>Centres, platforms, contact points and programmes for CSR and networking</td>
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<td>Governmental Action plans on CSR</td>
<td>Product or company labels</td>
<td></td>
<td>Multi-stakeholder initiatives, including the development of management or reporting initiatives and tools such EMAS, SA800, GRI etc.</td>
</tr>
</tbody>
</table>

Source: Lu et al. (2019)

**Legal**

This component serves as an important cornerstone to the practice of CSR among foreign investors. As earlier discussed, the legal framework for CSR in Namibia is rather ambiguous and not forceful enough. The National Policy on Volunteerism is the key policy in promoting CSR among foreign investors but has not been able to achieve significant milestones, as it does not compel investors to disclose non-financial information i.e. CSR activities (Republic of Namibia, 2014). Additionally, although included in the National Policy on Volunteerism, no evidence exists on the rewarding of foreign investors for good CSR practices. This should be more forcefully implemented to encourage CSRs. As advocated for by Chojnacka and Wiśniewska (2017), the National Policy on Volunteerism should be amended to allow for more specific CSR information on the provision of pension funds for their employees, subsidies for housing and car etc. reflecting a primarily goal of improved employee wellness. Furthermore, the Namibian government should take an active step in practicing CSR through its various offices, ministries and agencies. As the custodian of promoting CSR, government would lead by example and this will generally set the stage for firms to follow suit (Chilufya, 2016). The above suggestions should be considered in due care to ensure CSR activities by foreign investors will not be an unattractive liability. Due consideration and priority should be accorded to the profitability mechanism of these firms.

**Economic**

One of the key cornerstones to promoting CSR resonates around economics (Larsen, 2010). Here, the Namibian government should adopt (legally and institutionally) a robust approach in encouraging CSR through incentives. Lu et al. (2019) refers to subsidies related to CSR activities, tax allowances and breaks for corporate charity activities. This would particularly curb the notion on the practice of CSR being costly as firms would be deriving a benefit from it through such incentives. These form of incentives would aid firms retain their profitability ratios. Surely, foreign investments such as Ohorongo Cement and Dundee Precious Metals, among others, would feel more empowered and supported to go even further with CSR, despite already doing this independently. Furthermore, hosting ceremonies/awards to recognise those firms who have engaged in exceptional CSRs and reporting would go a long way in keeping them motivated (Harvey, 2017). Government in this regard should facilitate these within the various industries. As Chiang (2010) puts it, recognising someone/institution for the good work they have done often results in improved performance and morale.
This will evidently have desired benefits on the profitability of such a firm. Other incentives under the economic category includes tax incentives. It has been particularly observed in the case of Ramatex Textiles Namibia, where various concessions were accorded to it under the Export Processing Zones Act (Act No. 9 of 1995) (Marenga, 2017). Although various dynamics were at play during the operation of Ramatex Textiles Namibia, other cases such as in the manufacturing sector indicate that tax incentives provided to them by government played a role in their CSR activities.

Informative

In terms of the informative category, the Namibian government should ensure there is public awareness on the relevance of CSR. The case of Canada has seen an increase in CSR public awareness and has resultanty increase the expectation from firms to be more responsible. In the Namibian case, this category could be more vigorously achieved through the involvement of civil society organisations. As Larran, Andrades and Herrera (2018) indicates, the public tends to be more supportive towards firms that practice CSRs i.e. this may result in increased sales. However, this is only possible under circumstances where there is increased public awareness on the relevance of CSR. Here, public awareness could be increased through incorporating CSR into educational curriculums in schools and universities (Lu et al., 2019). On a practical level, content on CSR could be incorporated in high school subjects such as Business Studies and Development Studies. Similarly, public seminars/lectures could be held on CSR activities with support accorded to researchers by government (Weiss, 2016). Furthermore, guidelines should be provided to stakeholders on how reporting on CSR should be done. Although to an ambiguous extent, these guidelines are included in the National Policy on Volunteerism of Namibia, but should be made more easily accessible on various platforms. From the side of investors, firms could provide very brief CSR statements on their products (Alton, 2017). This would increase their profitability as a consumer is likely to support a product with which they identify through such CSR activities.

Networking

Lu et al. (2019) posits that networking is the cornerstone that has great prospect for bringing together various industry players for coordinated CSR. Here, the Namibian government should aid in establishing a network of firms in pursuit of practicing CSR. Strategic partnerships could be established where firms operating in similar industries come together and diversify their CSR activities, thereby increasing benefits to the public in general (Poret, 2014). For example, these could be categorised per industry as follows: Manufacturing, Retail, Finance/Banking etc. These partnerships would similarly make it easier to coordinate and host industry specific forums on CSR while simultaneously reducing costs on this (Pedersen, Kjaer, & Global CSR, 2012). The work of the Namibia Investment Centre should be diversified and position itself as a key contact point for CSR activities by foreign investors. Clear institutional support mechanisms should be put in place for firms that want to practice CSR and those already practicing. Furthermore, developing a CSR practicing and reporting requirements would go a long way in providing clarity to firms from the onset, and serve as a benchmark.

Conclusion – Is There A Need For A Mercantile Refocus?

This text provided a narrative relating to the practice and discourse on CSR in general, considering it is a scholarly focus that has largely been neglected in Namibia. Due to the evolving dynamics among stakeholders, who have similarly come to demand a revision in sustainability indexes, criteria and initiatives that are used in assessing CSR activities of foreign investors and the resultant impact of such CSRs, especially on communities, have brought increased discourse and practice on CSR. Therefore, when dealing with this issue, it is important to monitor continuously the CSR impact on the society in general, and use these as a guide for policy intervention and improvement (Lu et al., 2019).

In answering the above question, this paper concludes as follows: Firstly, the focus on CSR in Namibia should take cognizance of the need to sustain profitability of foreign investors, thus retaining that mercantile business approach. More broadly, the ability of countries to successfully implement the SDGs has been linked to the requirements (policy/legal) practice and reporting of CSRs. However, this linkage may only be possible through clear and reliable indicators that will marry the SDGs objectives to those at company/firm level (Johannes, 2016). These indicators may be on: emission reduction, energy efficiency improvements, the share of renewable in energy consumption, among others, may be directly linked to firm operations. However, other indicators on issues such as hunger, poverty and education may necessitate a more consolidated effort between policy experts and policy makers for harmonisation.
This should be done with due consideration on the need to sustain the profits of investors to avoid divestment, especially in the Namibian setting that relies on a private sector-led approach to economic development. Lastly, there is a serious need for a robust legal and legislative framework that encourages and guides foreign investors in the practice of CSR. Such a framework should reflect and be embedded in existing laws such as the Companies Act. As Albareda, Lozano and Ysa (2007), any government is likely to increase CSR activities of foreign investors by adopting an effective legal framework. This comes as literature indicates that firms are often less likely inclined to take CSR initiative on their own without supporting legal and institutional instruments in place. More importantly, these laws should be framed in such a way that CSR would not be seen as a liability, but rather an opportunity to establish partnerships with other stakeholders, thereby cutting costs and retaining profitability levels. Literature (e.g. Friedman, 1962) has found that firms are likely to engage in CSR if this has the prospect for increasing profits without incurring dire financial burden in the initial stages, hence the need for a mercantile focus in encouraging CSR from foreign investors.

**Bibliography**


