

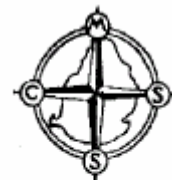
## Review of Corporate Social Responsibility policies and actions in Mauritius and Rodrigues

### Executive Summary

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*Ministry of Social Security,  
National Solidarity,  
& Senior Citizens,  
Welfare and Reform  
Institutions*



*Mauritius  
Council of Social  
Service*

# ***Executive Summary***

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## **Introduction**

This Report is a comprehensive assessment of Corporate Social Responsibility (“CSR”) practices in the Republic of Mauritius, an assessment of the relation between the private sector and the NGO sector, and an identification of potential areas of strategic partnerships between the private sector and the NGO sector. This assessment of CSR is one component of a mega project, *Strengthening of the NGO Sector in Mauritius*, focusing on improving the legal and policy environment, strengthening capacities of NGOs and enhancing partnership between government, private sector and NGOs in the national development process. This Assessment Report is based on secondary data review, a CSR survey, participative discussion forums and working sessions, interviews and international benchmarking carried out between December 2006 and September 2007.

The executive summary highlights issues which came to our attention during the study and which we believe are significant to improve the state of CSR in the Republic of Mauritius.

## **Our findings**

Our survey has come up with the marked finding, that CSR is not yet embedded in the corporate culture in Mauritius. Companies still indulge in sponsorship and philanthropy, or else carry out activities with a social objective on a rather ad-hoc basis. However, CSR is inexorably emerging as a priority for businesses in Mauritius. The first quarter in 2008 has been marked with various organisations engaging in CSR. This can be explained by the fact that companies have realised that CSR can be more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage (Porter & Kramer, 2006).

### **Strategic Approach to CSR – Section 4.1**

Our study reveals that while CSR is stirring more and more interest among organisations in Mauritius and Rodrigues, it is not being done in a systematic and formal manner. Only a few organisations adopt a formal approach and structure to launch and manage social projects. This is a key issue for authorities to address in order to improve the state of CSR in Mauritius and Rodrigues as more importantly, our study also demonstrates a strong positive relationship between existence of a formal CSR policy and engagement in strategic CSR partnership by organisations at community and national level.

## **Internal CSR – Section 4.2**

The approach to internal CSR by organisations in Mauritius and Rodrigues is somewhat similar to CSR in general with a majority of organisations without any formal policy on internal CSR. Internal CSR which pertains largely to “people management” is the responsibility of the HR function. Given that the majority of organisations in Mauritius and Rodrigues do not have the required HR maturity and that many organisations still operate with a “personnel management” philosophy, this partly explains the state of internal CSR in Mauritius. Our study also shows that the majority of organisations in Mauritius do not incorporate CSR in their induction programs, training and development initiatives and performance appraisal.

However, it is worth noting that organisations are aware that though not adopting a formal approach to CSR, they derive significant benefits by adopting good “people management” practices in terms of staff morale, productivity and employee retention.

## **Framework for External CSR activities – Section 4.3**

Despite the noble intentions of organisations in Mauritius and Rodrigues, the way that they conduct CSR activities need significant improvement as summarised below:

- Only a few organisations have a full-time professional dedicated to CSR activities. Moreover, CSR activities are mostly led by management while lower-level employees are not consulted and involved in their organisations CSR endeavours;
- Organisations currently devote funds and people for their CSR activities , few of them devote their skills, products and premises;
- One third of respondents prefer to carry out their CSR activities on an individual basis, often on an ad-hoc basis.
- Two-third of organisations surveyed do not measure the impact of their CSR activities despite the established link between CSR and competitive advantage of organisations.

However, positive signs relating to the framework for external CSR activities are:

- A majority of organisations surveyed set budgets for conducting CSR activities.
- The majority of organisations communicate about their CSR activities (mainly through their annual report and newspaper/magazine). Only a few organisations communicate their CSR activities through a social report.

## **Evaluation of Implementation of CSR activities – Section 4.4**

According to various studies on CSR, there is an established link between engagement in CSR endeavours and competitive advantage. Most organisations (69%) in the Republic of Mauritius acknowledge having benefited from CSR activities. However, it can be

argued that benefits will be even more visible when organisations will adopt measurement of CSR activities in a systematic and coherent manner. Moreover, amongst the organisations that have acknowledged benefits from CSR, the majority of them have reported advantages such as better public relations and better motivation among employees while only a few have reported advantages such as better relations with clients and better relation with suppliers.

Another key finding pertaining to implementation of CSR activities in Mauritius and Rodrigues concern the number of constraints and challenges that organisations face. Issues such as lack of information on CSR areas, absence of proper partnership, lack of audit after implementation and lack of coordination have to some extent hindered organisations in their CSR actions.

Our study also investigated the intentions of organisations regarding their CSR endeavours and commitments in the future. Encouragingly, more than half of the organisations surveyed revealed that they would expand their CSR activities while around 40% argued that they will continue with their usual CSR endeavours. This is a clear indication that organisations in Mauritius and Rodrigues are increasingly aware of the impact of CSR on competitive advantage.

We were also interested in determining the factors that would encourage organisations to increase their CSR activities. The two most important factors that surfaced were: the guarantee that the targeted groups are indeed benefiting from those activities and the need for transparency in implementation of activities at NGO level.

Another major finding is that the majority of respondents believe that the government can enhance the state of CSR in Mauritius and Rodrigues by (i) acting as a facilitator, intermediary and regulator and (ii) by providing tax incentives.

#### **Philanthropic and Sponsorship Activities – Section 4.5**

An overwhelming majority of organisations surveyed indulge in both philanthropic and sponsorship activities. Companies engage in philanthropy in 3 major areas: health and safety, education and community (including sports), whilst companies sponsor educational and sports activities.

#### **Partnerships with other organisations – Section 4.6**

One of the major findings of this study is that 54% of organisations surveyed partner up with other organisations in their CSR activities. It is also interesting to note that the majority of collaborations are on a long-term or short-term basis while the remaining are one-off partnerships. It is also to be noted that almost all companies that partner with NGOs have reported satisfaction with such partnerships.

### **Corporate Views on NGOs – Section 4.7**

Our study also sheds light on corporate views of NGOs in Mauritius and Rodrigues whereby (i) the majority of respondents have either a good or fair opinion of NGOs and (ii) very few respondents rated the NGOs as very good/excellent. Areas where significant improvements are expected from NGOs by companies are: performance towards goals, mobilisation of resources, membership & quality of resources, communication, commitment & professionalism and structure & organisation.

### **Potential Partnerships – Section 4.8**

Another encouraging finding from our study is that an overwhelming majority of the organisations surveyed are interested to partner up with other organisations to carry out CSR activities. Out of this percentage, a large majority of companies are willing to partner up with NGOs and other private firms while only half of them are willing to partner with the Government.

Furthermore, a significant number of organisations surveyed also revealed that they are interested to conduct additional CSR activities but they lack information on these areas. Education, environment and poverty are the main areas where organisations are keen to engage in but lack information.

### **Interest in policy dialogues – Section 4.9**

Another positive and encouraging finding of our study is that 80% of respondents are interested to participate in policy dialogues initiatives involving NGO/Private Sector/Government. This is critical as it will have an impact on the future state of CSR in Mauritius and Rodrigues.

## **Legal review – Section 7**

Our regulatory framework provides a number of laws, regulations and codes for the adoption, respect and enhancement of CSR as summarised below:

- Fundamental Human Rights – These rights are covered in (i) The Constitution of Mauritius (ii) The Protection of Human Rights Act (iii) Ombudsman Act and (iv) Other legislations (Child Protection Act, Consumer Protection Act)
- Labour Rights – Several legislations cater for labour rights in Mauritius namely: Labour Act, Industrial Relations Act, Sex Discrimination Act, The Training and Employment of Disabled Persons Act. It can be argued that labour rights will be reinforced with the imminent introduction of the following acts: (i) Equal Opportunities Act (ii) Employment Rights Act (This new act will replace the Labour Act, which dates back to 1975) (iii) Employment Relations Act (This will replace the Industrial Relations Act of 1982)

- Environment – Legislation that caters for the protection and enhancement of our environment include: (i) The Environment Protection Act (ii) Beach Authority Act (iii) Biological and Toxin Weapons Convention Act (iv) Chemical Weapons Act and Dangerous Chemicals Control Act amongst others
- Consumer Protection – The regulatory framework in Mauritius also lays a lot of emphasis on the issue of consumer protection. Major legislation such as (i) Fair Trading Act (ii) Consumer Protection Act and the future introduction of a (iii) Competition Act protect consumers' rights, safety and choice.
- Business – Regulation of businesses in Mauritius is ensured by major legislations and codes such as (i) Companies Act (ii) Financial Intelligence and Anti-Money Laundering Act (iii) Income Tax Act (iv) Borrower Protection Act (v) Code of Ethics (vi) Code of Corporate Governance
- Public Security – Major legislations governing public security in Mauritius include: Prevention of Terrorism Act, Convention for the Suppression of the Financing of Terrorism Act, Public Gathering Act.

Therefore, the Republic of Mauritius has a myriad of laws, regulations and codes that in one way or another promote issues pertaining to corporate social responsibility. However, it can be strongly argued that the extent to which such laws and regulations are actually being applied in order to sustain and enhance corporate social responsibility is NOT enough. This can be evidence by (i) increasing pollution, which is being singled out as one of the most important reason that caused so much damage to our island following the recent heavy rainfall (ii) increasing abuse on children (iii) increasing number of labour rights abuse (iv) corporate scandals and so on.

Hence, it is strongly recommended that the existing laws, regulations and codes be used to their full extent. This can be achieved through better enforcement methods, efficient dealing of appeals, increase in fines, more visibility by regulatory authorities and so on.

## **Recommendations – Section 8**

The CSR review survey has revealed that there is a missing enabling framework to bring the three stakeholders together, the private sector, the Government and the NGOs. In order to provide the required impetus to CSR, a myriad of initiatives can be adopted at three different levels:

- At individual sector level: Corporate Mauritius level, at the civil society level and at the Government level;
- At joint partnership level by ensuring a better liaison between the various stakeholders (between Government and private sector, Government and NGO sector, private sector and NGO sector); and
- By providing a platform for the three-sector partnership

### **Private sector initiatives - Section 8.3.2**

- There should be more coordination in CSR activities to rationalise resource unitisation, improve projects' complementarities, reduce intervention overlap and more information sharing.
- Private companies would benefit from adopting a strategic approach to CSR by mainstreaming CSR into management practice.
- There should be a facilitator, e.g. the Joint Economic Council, to promote CSR in the private sector.

### **Government initiatives - Section 8.3.3**

The intervention of the Government could have a three-tier focus: regulation and legislation and non-regulatory activism.

- The Government should use various legislative instruments to regulate corporate behaviour and to improve accountability of NGOs. The impact of soft laws should not be neglected.
- The Government should also be more active as a facilitator to ensure coordination of CSR activities, raise the profile of CSR, promote the link between corporate citizenship and productivity, provide education and training in CSR, fund research into CSR amongst others.
- The Government should institute an Advisory Group, e.g. operating under the aegis of the Ministry of Social Security, to oversee and promote CSR and provide the required framework to support multi-stakeholder dialogues on CSR.

### **Reform at NGO level – Section 8.3.4**

Reform of civil society should focus on 3 main areas: capacity-building, networking and representation.

- Several interconnected ways to build capacity (on the attitude, skill and knowledge levels) of NGOs can be adopted – through cooperation with the private sector, international bodies such as the UNDP, the MACOSS and the government.
- The multitude of NGOs could be more effective if organised in various networks (on the basis of thematic response) and federations so as to avoid fragmented efforts and goal incongruence. This would rationalise resource utilisation and improve projects' complementarity, extend target population, sensitise community and national leaders, buy in government support, allow information sharing, allow joint formulation of sectoral/thematic strategies amongst others.
- The current umbrella body of NGOs should focus in more optimal ways on its objectives so as to identify, register, evaluate and support NGOs.

#### **Joint partnership initiatives – Section 8.4**

Two sector partnerships provide forum for discussion and dialogue for efficient cooperation between any two sectors. The various actors could explore and develop partnership frameworks and models by focusing on specific two-sector needs (Government and private sector; Government and NGO sector; and private sector and NGO sector).

#### **Towards a three-sector partnership model – Section 8.5**

A three-tier approach is suggested for the three-sector partnership model.

First, key actors in all three sectors should build on existing good practice and boost the potential of already established initiatives to advance three sector partnership. A case in point is the Empowerment Programme, which was initiated by the government to create employment and bring social justice but both other sectors, the private sector and the NGOs, are increasingly involved in its operation. Within the Empowerment Programme there is a chance to further explore and encourage solutions based on three sector partnership, not just two-way engagements as is the current trend (i.e. the government making separate partnerships with companies and with NGOs to realize the Fund's goals). A small three-sector policy planning expert group could be set up and work out new methods to help reach the objectives in implementing government policies. One successful existing partnership is the Zone d'Education Prioritaire which regroups the UNDP, the Government of Mauritius (Ministry of Education and Human Resources) and private sector companies to give special support and compensatory education in schools in deprived and underprivileged localities, caters for the special needs of the pupils, and includes the provision of a midday meal of bread, cheese and fruit/juice to every pupil. This approach could be applied to other initiatives as well.

Second, the stakeholders may adopt an informal Policy Round Table approach as a self-initiated platform for stakeholders from the three sectors to undertake joint policy planning and implementation. Its work would be aimed at one priority area (at least initially) to be determined by the participants, a more concrete area where reform is needed and where the actors can deliver tangible results. (However, it would likely address an issue outside the competence of the Empowerment Programme, such as education, housing or extreme poverty.) The group would then determine the need for research and needs assessment in this area; take part in conducting or commissioning the research; and based on the data would devise strategies involving all three sectors to address the identified root problems. The "division of work" would not necessarily resort to the classic roles of the partners in relation to each other (i.e. government = regulator, company = funder, NGO = project implementer) but could also result in

innovative and efficient public policies that involve ongoing cooperation and build on the respective strengths of each sector.

The group could over time decide to become more formalised but could also be in existence only for the duration of successful delivery of its concrete objectives. The group would of course set up its own internal modus operandi, elect its leadership etc., but with considerably less cost and bureaucracy than a permanent, government endorsed structure.

Third, a Body with a clear Charter enabling the three-sector partnership, may be instituted to provide a forum for the three-sector participatory process whereby the private sector, the NGO sector and the Government can meet to discuss about economic and social opportunities and issues, and address national development challenges. The Charter will clarify in detail the membership of the Body, its mission, its specific objectives, the modus operandi, the various roles and responsibilities, reporting duties, and donor and NGO review mechanisms.

### **Thematic areas of potential partnerships – Section 9**

The survey has revealed the following:

- ◆ Corporate Mauritius intervenes in a number of areas for CSR activities. Popular thematic areas are: education, health and quality of life, environment and sustainable development, poverty alleviation, community development and sports.
- ◆ There is general lack of information (about the area of focus, about NGOs activities in such areas, government assistance in such areas, etc). The more companies wish to intervene in one area, the greater the lack of information they face. The two main areas where companies have reported lack of information are education and environment and quality of life.
- ◆ Companies have demonstrated interest in partnering up with other stakeholders in the future in a number of thematic areas among which the following come first: education, environment and sustainable development, health and quality of life, poverty alleviation and community development. .
- ◆ Large organisations carry out philanthropy in the following areas: health and safety, education, and community (mainly sports).
- ◆ Sponsorship by large companies are mainly in sports and education.
- ◆ For SMEs, priority areas are:

- a. Priority areas for philanthropy are community, education, poverty, religious activities, environment and social flaws (drug, alcohol, etc);
  - b. Priority areas for sponsorship are sports, community, and religious activities.
  - c. Areas where SMEs lack information are education, environment and poverty.
  - d. Areas of potential partnership are education, poverty, and health.
- ◆ In Rodrigues, the companies conduct philanthropic and sponsorship activities in the following areas: environment, education, sports, poverty and health.
  - ◆ Areas of potential partnership include: education, environment, health, teenage pregnancy, health, leisure.

Immediate actions with respect to a matching of areas of CSR interest reported by companies to the needs of NGOs (matching demand and supply) could be envisaged pending the elaboration of the three-sector partnership model as developed in Section 8.5. This may be carried out during a national workshop where companies would meet with relevant NGOs. The survey has clearly indicated that the four areas in which companies, large and small, have shown the utmost interest are:

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| <ol style="list-style-type: none"><li>1. Education;</li><li>2. Environment;</li><li>3. Health and quality of life; and</li><li>4. Poverty alleviation.</li></ol> |
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The same action can be replicated in Rodrigues. During the first mission of the specialist to the island, there could be a national workshop to match private sector initiatives and areas of interest and NGOs' sector of intervention. This "demand and supply" matching would allow a number of significant partnerships to take form and bear fruitful projects. Three major thematic areas of interest have been noted as follows:

1. Social ills – teenage pregnancy, juvenile delinquency, alcoholism;
2. Health (lack of doctors, equipment, pharmacy) and quality of life (water supply); and
3. Education (lack of teachers)