

Chapter 3

Corporate Social Responsibility Interventions for Namibia's Post-COVID-19 Sustainable Banking Sector

Isaac Okoth Randa

Namibia University of Science and Technology, Namibia

ABSTRACT

This chapter explores the role of corporate social responsibility (CSR) as a mechanism for embedding a sustainability framework within the Namibian banking sector post-COVID-19, which is currently facing a looming deterioration of asset quality and chronic liquidity crises. A qualitative research approach grounded in thematic analysis of stakeholder interviews and documentary analysis were suitable. The study assessed the foundations of CSR activities in Namibian commercial banks using institutional, legitimacy, and stakeholder theories. Overall, governance, brand image, customer loyalty, market competition, and regulatory pre-emption ranked prominently amongst internal and external institutional factors driving CSR in Namibian commercial banks. The study identified various change interventions for commercial banks, like improved CSR reporting, stakeholder engagement, and preferential pricing strategies for vulnerable people in society. Recommendations include development of a uniform CSR framework in line with international best practices contextualized to local socio-economic conditions.

INTRODUCTION

Embedding sustainability in business practices requires self-regulation systems. Sustainability is a concept embodied within corporate governance and corporate social responsibility (CSR) literature, two areas that are increasingly converging (Sharma & Khanna, 2014). The narrower view on corporate governance emphasizes legal and accounting compliance focusing mainly on shareholder returns, whereas the broader view of corporate governance includes environmental, social and governance (ESG) issues representing responsibilities to wider stakeholders' groups (Saravanamuthu, 2004). For some time, corporate gover-

DOI: 10.4018/978-1-7998-7436-2.ch003

nance approaches have emphasized the shareholder value approach to corporate management, but this stance fails to serve the society's sustainability perspective. The emerging open nature of the firm, the dependency on a knowledge-economy and a demand from society for corporations to be good corporate citizens; have all contributed to the role of stakeholders becoming more acknowledged prompting a shift in thinking from shareholder value to shared value creation (Porter & Kramer, 2011). In contrast to the dominant shareholder value model, the sustainable company model exhibits six features (Vitols, 2009): Creation of stakeholder values, linking sustainability goals to strategy, long term responsible investors, tying employees' remuneration to sustainability, disclosing social and environmental performance, and providing platforms for stakeholder voice and advocacy. This line of argumentation situates CSR transparency as a more effective channel for improving the quality of corporate governance, rather than merely mandating specific CSR disclosures (Chan, Watson, & Woodliff, 2014). It is here that corporate governance converges with CSR, and the legal and moral liability of managers and directors come together (Clarke, 2007). Bhimani and Soonawalla (2005), in their articulation of corporate disclosure responsibility continuum; integrate corporate financial reporting (CFR) and corporate governance (CG) responsibilities alongside corporate social responsibility (CSR) reporting and stakeholder value creation (SVC) as corporate disclosure requirements linking conformance and performance board responsibilities. This emerging new enterprise governance framework addresses primary concerns that boards and senior executives must effectively address to ensure the delivery of long-term values to stakeholders and thereby contribute to stable capital markets.

According to Masud, Kaium, Bae and Kim (2017), banking institutions are potential facilitators of sustainable development through their operating strategies. The banking sector through its unique intermediary role in channelling funds from savings to investments has a decisive and fundamental influence over which activities receive financing and therefore support sustainable development (Nájera-Sánchez, 2020). The current literature on corporate sustainability tend to focus on strategies such as socially responsible investments (Oh, Park & Ghauri, 2013), corporate social responsibility (Mocan, Rus, Draghici, Ivascu & Turi, 2015), going green (Dittmer, 2015) as instruments for entrenching sustainable development goals. However, from business perspective financial benefits of effective strategic CSR tend to feature in areas of human resources and talent management, reputation and branding, and operational cost savings (McElhaney, 2009). These dimensions tend to support growth of social and reputational capitals, which significantly affect organizations' performance and justify organizations' engaging in CSR activities (Saeed & Arshad, 2012).

BACKGROUND

In the banking context, sustainable banking implies practices where banks incorporate environment and societal responsibilities at the core of their business models (Nosratabadi, Pinter, Mosavi & Semperger, 2020). Sustainable business models (SBMs) are managerial tools and frameworks that allow businesses to generate simultaneously environmental, social and economic benefits. These models potentially offer banks competitive advantages such as increasing brand reputation and cost reduction (Nosratabadi et al., 2020). The concept of sustainable banking integrates the banks' three major operational functions: financial resources mobilization, intermediation and efficient allocation of scarce resources. It is about simultaneously delivering financial products and services designed to not only meet the needs of people but also safeguard the environment while generating profits (Yip & Bocken, 2018). Increasingly banking

24 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/corporate-social-responsibility-interventions-for-namibias-post-covid-19-sustainable-banking-sector/280669

Related Content

Innovation and Its Relation to Strategic Positioning With Mediation of Market Competition in the Horn of Africa

Shashi Kantand Wako Jio (2026). *Innovation Management for Disruptive Maturity in Competitive Scenarios* (pp. 379-400).

www.irma-international.org/chapter/innovation-and-its-relation-to-strategic-positioning-with-mediation-of-market-competition-in-the-horn-of-africa/384640

The ICT Adoption in AMUL: An Easy, Innovative, Self-Sustainable Approach for Rural Regions

Pranav D. Desai (2021). *Rural Entrepreneurship and Innovation in the Digital Era* (pp. 143-158).

www.irma-international.org/chapter/the-ict-adoption-in-amul/266075

Innovative Electronic Business: Current Trends and Future Potentials

Tobias Kollmannand Patrick Krell (2011). *International Journal of E-Entrepreneurship and Innovation* (pp. 16-25).

www.irma-international.org/article/innovative-electronic-business/52780

Convergence of Interoperability of Cloud Computing, Service Oriented Architecture and Enterprise Architecture

Susan Sutherland (2013). *International Journal of E-Entrepreneurship and Innovation* (pp. 43-51).

www.irma-international.org/article/convergence-of-interoperability-of-cloud-computing-service-oriented-architecture-and-enterprise-architecture/81263

Assessment of Global COVID-19 on SMEs: An Emphasis on Businesses at the Technological Incubation Centre, Nigeria

Tomisin James Arulebaand Oluwasogo S. Adediran (2022). *International Journal of E-Entrepreneurship and Innovation* (pp. 1-15).

www.irma-international.org/article/assessment-of-global-covid-19-on-smes/290819