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Partnership building as an approach to addressing corporate social responsibility in the agriculture sector in Malawi

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Abstract

A key factor in improving Malawi's trade and economic growth will be how Corporate Social Responsibility (CSR) provides a platform for stakeholders to come together to manage Malawi's supply and value chains so as to also improve livelihoods, in particular in the agriculture sector, the most prominent in the country. This article analyses what motivates businesses in the Malawian agriculture sector to implement CSR, and how companies and other stakeholders give shape and substance to their partnerships. It examines three case studies that reflect the types of CSR partnerships that have emerged within the sector. These highlight the transition from issue-specific partnerships to ones established to address the underlying business case for CSR to promote competitive advantage and innovation in companies' core business strategies. The article concludes that the new models of partnership emerging in Malawi are

1. Introduction

Malawi is one of the least developed countries in the world and, despite its relative political stability, poverty levels have continued to increase over recent years. In 2003 the gross domestic product (GDP) per capita was estimated at US\$195, having fallen below the 1992 estimate of US\$200. Estimates show that 54 per cent of the population of Malawi lives below the national poverty line (UNDP & Republic of Malawi, [2003](#)).

Agriculture is the largest sector in Malawi's economy and is also vital for the country's manufacturing industry, providing essential inputs for a range of agro-processing activities. It contributes about 38 per cent of the GDP and 87 per cent of the total employment and supplies more than 65 per cent of the manufacturing sector's raw material. It also contributes more than 90 per cent of the foreign exchange earnings. It provides 64 per cent of the total income of the rural population and is the main livelihood of the vast majority of rural people, who account for more than 85 per cent of the national population of 12 million. Tobacco is the main export crop, accounting for 60 per cent of total export earnings, followed by tea and sugar, which contribute nearly 10 per cent each (Inc Media, [2004](#)). Despite the size and importance of the agricultural sector, it is still particularly weak and Malawi is increasingly looking to diversify its economy away from traditional agriculture-based industries to include mining, tourism and transport.

Inadequate farm infrastructure (including transport routes, power supply, drainage, irrigation, storage and grading facilities), poor provision of extension services and a weak skills base have all restricted smallholder farmers' ability to produce commercially viable quantities and quality of marketable outputs. As a result, most agriculture in Malawi is still what may be termed basic farming, which is primarily subsistence in nature.

It is postulated that a key factor in improving Malawi's trade and economic growth within the agriculture sector will be the way stakeholders work together to manage the country's supply and value chains so as to make progress towards sustainable livelihoods across the country. This entails the agriculture sector managing key risks resulting from such problems as deforestation and soil erosion, child labour and HIV and

significantly increasing the number of small-scale commercial farmers, developing a broader agricultural skills base among various groups, including women and youth, and improving access to finance and access to markets for small-scale farmers.

1.1 Corporate Social Responsibility (CSR) in Malawi

CSR in Malawi has traditionally tended to be philanthropic in nature, responding to perceived individual community needs in the location where a company tends to operate rather than setting up targeted strategic interventions to improve overall sustainable livelihoods at a country level. Where a more coordinated approach has been developed, it has been in response to specific issues. Some of those that business has tried to address collectively include child labour, HIV and AIDS in the workplace and provision of basic healthcare and food security in times of need.

Recently, several companies have begun to move beyond seeing CSR as simply a way of enhancing their licence to operate to seeing it, rather, as a real business tool that can be used to build a sustainable and viable economic base for the country. A number of agriculture sector companies have initiated more comprehensive CSR programmes. This is partly to mitigate perceived social and environmental risks but also in part to dispel the growing sense of expectation among local inhabitants that comes from being one of the only businesses visibly operating in a given region. (If a business is the only source of economic activity in a certain area, then people living in that area expect it to cater for most of their needs: providing medical care, building schools and even sometimes selling them food in times of shortage – to a point where the business assumes the role of local government. In such cases the business takes action not because it really wants to but because it feels it has no choice.)

There are, however, some key challenges relating to the implementation of CSR in the agriculture sector. These include perceived costs involved in implementing CSR programmes, lack of expertise on CSR within the organisations, the problem of dealing with community expectations, particularly in rural areas and, increasingly, a need to align CSR strategy with core business practice. To deal with these challenges, various partnerships or alliances have been formed between companies and non-governmental organisations (NGOs). This is in line with the way CSR initiatives have progressed from an initial emphasis on corporate giving to more complex programmes focused on multistakeholder collaboration, as indicated in [Figure 1](#).

Figure 1: Growing dimensions of Corporate Social Responsibility (CSR) Source: Sean de Cleene/AICC



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The development of these partnerships for the promotion of CSR objectives in the agriculture sector in Malawi has matched the development of CSR itself: a shift from dealing with specific issues to becoming involved in broader national development strategies. The following case studies reflect a variety of approaches to this partnership-building, highlighting the transition from issue-specific partnerships to those that have grown in scale and complexity to include broader multistakeholder alliance building as a key feature and where the focus is much more on the underlying business rationale than on simply managing risk and stakeholder perceptions.

2. Case study 1: Company- and issue-specific partnership

This type of partnership often develops where an individual company is seeking to address a specific issue that is of particular concern to the company. In this case the company may initiate or may be approached to form a partnership, often with a specific

NGO or organisation which has the expertise to address the issue at hand. The following factors characterise this type of partnership:

- It is normally for a fixed or limited term.
- Service is delivered by one or both of the partners, depending on their relevant in-house expertise.
- Programmes are implemented within their geographical area of operation.
- It is easy to identify mutual areas of interests since only two organisations are involved.

The relationship that Satemwa Tea Estate has with Médecins Sans Frontières (MSF) illustrates this type of partnership. Satemwa, located in Thyolo District in southern Malawi, is a family-owned tea estate, in operation since 1922. It is one of the smaller estates in Malawi's main tea growing district, with a total land area of approximately 1 880 hectares.

Through a stakeholder mapping and situational analysis conducted by a consulting company (BCA, [2003](#)) it became clear that a key concern was HIV and AIDS, which was having a growing impact on the Satemwa staff and on the wider small-scale farming community that provides outgrower services for the estate. Satemwa realised that simply relying on the in-house clinical services that had traditionally been available on the estate would not be sufficient when dealing with the growing impact of the pandemic on staff and their families. Nor was it considered in the estate's long-term business interest, or in line with its own business competence, to be building up this capacity in isolation.

A partnership was then developed with Médecins Sans Frontières (MSF), which has seen the Satemwa Estate clinic developed into a full Voluntary Counselling and Testing (VCT) centre. Currently, on average 16 per cent of patients test positive. The existence of a fully functioning VCT centre in the area is important for providing an additional future base for the delivery of antiretroviral drugs. This is of value for the Thyolo region as a whole, given the scarcity of available government resources to carry out this function in the region. Besides VCT services, MSF currently distributes and supervises the provision of drugs for the opportunistic infections common to those with HIV or AIDS.

For Satemwa there is a clear benefit in developing the partnership since it allows the company to outsource the management of HIV and AIDS-related issues while the programme is localised on their estate. It also provides the estate with a more informed basis for making future decisions as to their role and management of issues relating to HIV and AIDS. For MSF, the partnership has been beneficial as it provides them with an established clinic, a platform for subsequent regional outreach and a level of support services that otherwise would not be available outside the already stretched government institutions, which otherwise they would have had to create such a base from scratch.

3. Case study 2: Collective, issue-specific partnership

This type of partnership develops when a group of companies and NGOs come together to deal with an issue that affects each of them to a differing extent and where the solution is often beyond the scope of one company. In other words, the problem requires a collective approach. The following factors characterise this type of partnership:

- It normally involves a range of companies from the private sector.
- Service delivery is normally managed by one organisation but often involves several service providers.
- The CSR programmes that the companies are engaged in are often not directly linked to an individual company's core business competence but rather deal with an issue that is broadly relevant to the range of companies involved.
- The programmes encompass a wider geographic area than that in which an individual company may have operations.
- Here it is more difficult than in the partnership type represented by Case Study 1 to identify mutual areas of interest, as there is often a range of organisations involved both at different stages and at differing levels of engagement.
- Internal partnership stakeholder management issues are more complex to deal with.

If properly managed, the impact of this type of partnership is potentially more far-reaching than a company-specific partnership, since there are more companies pooling resources to achieve a specific result. The costs are spread among all the companies involved and as a result the financial impact on each company is felt less. There is also less pressure to build the necessary expertise within the organisation as the partnership often allows companies to outsource the skills needed to deal with the problem at hand. However, this type of partnership is more complicated to broker and maintain over time, because of the companies' varying degrees of interest or concern. An example of how this type of partnership works is Together Ensuring Children's Security (TECS), a partnership between 19 companies and a number of civil society organisations that include Total Land Care, Creccom, Nkhoma Synod and various national and local government departments, working predominantly in the agriculture sector to help eliminate child labour.

TECS approaches the problem of child labour from the perspective that child labour is driven by poverty and the root causes are multiple. Thus its strategy is to engage with the communities in improving localised food security, providing safe water and making access to firewood easier, thus improving the chance that children will receive an education. The rationale is that if food security is achieved then parents, who in many cases are small-scale growers subcontracted to large estates, will release their children from working in the fields to attend school. Similarly, if water resources are easily available, children will not often be asked to fetch water for the fields, and if woodlots are developed in strategic nearby locations, for example near schools, then similarly there is more likelihood that children will be freed from working in the fields.

In terms of the partnership operation, TECS acts as the central project coordinator, brokering the services of a variety of civil society and government actors. This coordination ensures that the NGOs and government actors deliver on the agreed outcomes.

The partnership works well for a number of reasons. TECS provides business with a single interface, one organisation as the main contact point, for dealing with what is considered a complex and multifaceted problem. This collective approach allows for reduced management costs and a more significant impact than would be achievable on an individual basis. It means that internal company in-kind resources can be harnessed more effectively, intercompany learning more readily identified and the partnership's

pooling resources, so their impact can be more widespread. This kind of partnership also allows for ease of scalability and replicability should other companies and donors become involved.

4. Case study 3: Collective, sustainability-focused partnership

In the third case study, there is a shift from the type of partnership approach that is developed in response to having to deal with a perceived risk to business to one that addresses the underlying framework for doing business itself and promotes competitive advantage and innovation in companies' core business strategies. This development in partnership building, although in its infancy in Malawi, is potentially the next generation of partnership development.

An example of this approach is the Malawi Growing Sustainable Agri-business campaign. In this case, collective and individual business action is being mobilised across the agricultural sector to develop an economically robust agriculture sector in Malawi while at the same time improving sustainable livelihoods in the country.

The campaign has two objectives:

- In line with the Millennium Development Goal of halving the number of people living on less than \$1 per day, the Growing Sustainable Agri-business campaign aims to improve sustainable livelihoods and increase smallholder farmers' profitability by fostering good agricultural practices, thereby moving these farmers away from subsistence farming towards small-scale agri-business farming.
- It aims to create an agri-sector-wide multistakeholder platform that will facilitate both collective action and individual action done collectively so as to improve the enabling environment for sustainable agri-business in Malawi.

This approach to partnership involves adopting a collective approach so as to understand how to re-engineer the core business operating logic, so that individual companies can later apply the lessons learnt to maximising their individual competitive advantage. At the same time, this development is premised on achieving a more vibrant sector as a whole, including a significant growth in the number of small-scale farmers operating successfully in the country.

Because the potential outcomes of such a partnership have an impact on the nature of the business itself, it is important that each of the organisations involved has a strong vested interest in the nature of the outcomes and strong commitment to the process as a whole. In this case, the campaign is managed by a multisector taskforce and coordinated by a group of organisations made up of the AICC's Africa Corporate Sustainability Forum, the Malawi UN Global Compact and TECS.

Companies supporting the Growing Sustainable Agri-business campaign need to demonstrate a commitment to working collectively, in line with the following five components:

- (1) Action undertaken, through a collective approach or individual action promoted collectively, to bring about sustainable agri-business development across the sector as a whole with a focus on developing small-scale farming.
- (2) Impact of actions taken under Growing Sustainable Agri-business campaign. These might include skills development, the showcasing of appropriate technologies, the development of alternative financing mechanisms for small-scale farmers, and support for small-scale rural enterprise development.
- (3) Promotion of existing initiatives – awareness-raising and knowledge-sharing of innovative solutions and good business practice to promote Malawi's potential leadership in the area of sustainable agriculture.
- (4) Advocacy – collective and targeted private sector engagement with the government, donors and broader civil society on policy initiatives to promote the sustainable growth of the agricultural sector.
- (5) Partnership building between businesses, donors, government and civil society in order to promote appropriate sustainable agri-business models.

5. Conclusion

As partnership models shift from being single-issue-driven initiatives to sector-wide approaches that aim to incorporate CSR practices into the core business strategy of a given company, there is a need for increased professionalism and more research on

There is a risk of failure if there is no proper partnership facilitation. In all the three case studies above, a significant multisector engagement process preceded the setting-up of the partnership itself, and this has continued throughout the partnership process. In discussion with many of the project partners, it was felt that creating an atmosphere of mutual respect for the various partners involved was key to the success of the partnership. Other essentials of a strong partnership include regular communication and equity among the partners. Failing to explore and articulate the value proposition of each partner in the early stages of activity tends to lead to inertia as the partnership evolves. This is because the partners have no clear understanding of the benefits and risks involved.

CSR partnerships in Malawi today are at a crossroads between the traditional approach of dealing with a business's specific material concerns and the new approach that sees partnerships as catalysts for re-engineering the core business strategy itself. This transformation means that capacity in brokering and building partnerships will have to be developed.

Additional information

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