CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES AND THE DEVELOPING NATIONS

Mushtaque Ali Jariko
Assistant Professor, IBA, University of Sindh, Jamshoro, Pakistan

Tom Børsen
Associate Professor, Department of Development and Planning, Aalborg University, Denmark

Ashiq Ali Jhatial
Professor, Institute of Commerce, University of Sindh, Jamshoro, Pakistan

ABSTRACT

This paper presents the CSR activities among developing nations. CSR practices have got more momentum among the Western countries. However, the developing nations use philanthropic and other charitable CSR activities which account a very small fraction of CSR landscape. The authors of this paper present the detailed discussions why developing nations have not yet fully developed CSR discourses.

The authors also argue that philanthropic discourse of CSR is also embedded among the European nations but they have transformed from philanthropic to more sustainable business.

This paper uses literature review method to extract the relevant data of the CSR practices among developing nations. The list of developing nations is huge. Therefore, the authors of this paper have selected few developing nations including Middle East, Sri Lanka, Indonesia, Bangladesh, Pakistan and India.

This paper argues that how CSR activities are carried among these countries, are their CSR activities fully developed in accordance with the international standards.

The discussions and findings are presented in the paper. The authors suggest that empirical based research needs to be undertaken among the selected developing nations so that more can be learnt about the problems and issues with CSR activities.

Keywords: CSR, developing nation, philanthropic, charitable
Introduction

The understanding and practice of CSR among most of the developing nations is very limited to charitable activities (Jariko, Børsen, & Jhatial, 2016). Developing nations have different social, political, and economic problems which directly affect CSR activities (Blowfield & Frynas, 2005). According to Blowfield and Frynas CSR approaches as practiced have developed in its scope particularly in Western countries. These authors have argued that nature and sensitivity of the socio-economic, environmental, or cultural problems of the developing nations have incompatibility with the West. Dobers & Halme, (2009) have asserted that developing nations are different; their political, economic, and social arenas have directly affect the CSR mechanism. These authors have added that the institutes of developing nations are week and have a number of social problems which include poverty, hunger, corruption, lawlessness, and many more. Dobers and the co-authors have suggested that an effective collaboration between public and private sector and NGEOs can be a vital in addressing the most pressing social problems of the developing societies. Visser, Matten, Pohl, & Tolhurst, (2010) have argued that the very frequent problems among the developing nations are; low per capita income, human and social problems. These authors assert that the nature of the problems among developing nations are compelling the companies to contribute in donations, charities, aids, and other Hunan train contributions. Muller & Whiteman, (2009) have identified developing nations are engaged with donations and charitable activities. Jamali & Neville, (2011); Jamali & Sidani, (2011); Naeem & Welford, (2009) have similar findings where they have explained that the current understanding and practice of CSR among the developing nations is lagging behind the entire mechanism of CSR as it is much embedded in the philanthropic approach.

Another reason the developing nations strongly believe in giving back to the communities is the natural disasters which the companies working in such countries believe that giving back to the communities is the moral obligation upon them. For example, Muller & Whiteman (2009) have identified after Tsunami, Kashmir Earth quake the companies around the world started supporting the affected areas. Because, according to these authors companies were motivated to contribute for the rehabilitations of major affected areas and thus started in contributing in the form donations, aids, medicines, etc.

Research question

This study particularly addresses the central research question about how CSR is addressed in mainstream business among companies of developing nations in general.

Research Methodology

We have used literature review method to extract the relevant information about CSR activities in developing nations. Literature review method is useful approach to identify the relevant and key areas of research (Barker, 2014; Branley, 2004). The authors of this paper used some key words including “CSR AND DEVELOPING NATIONS”. Google Scholar was used as the search Engine where we found fifty one thousand results. The first fifty reviewed articles were downloaded and read.

CSR and the developing nations

The understanding and practice of CSR has got much momentum in the West, but the developing nations are struggling to fully understand the concept of CSR (Chapple & Moon, 2005). Chapple & Moon, (2007) have identified that CSR in Asia is under research, because most of the Asian business are inclined towards
traditional norms of conducting business operations and CSR is also affected with it. Crane, Matten, & Spence, (2013); Welford, (2004); Welford, (2005) have identified that a little research in the field of CSR has also been undertaken in comparison to the West, which gives impression that CSR has not been fully developed and practiced in most of the Asian countries. The less business development in most of the Asian countries is also believed as one factor which is not helping the CSR to fully develop (Kemp, 2001; Welford, 2004). Welford and Kemp argue that a higher level of business development as it is being witnessed in West, can lead to higher development of CSR. Hence, it is argued that the definition understanding, and practices on CSR is much West discourse led (Fukukawa, 2009).

Welford & Frost, (2006) have attempted to identify that how CSR value chain supply works in Asia. According to these authors a code of conducting business are the common practices but possesses flaws in practices. Chapple & Moon, (2005) based the data collected from the website of 50 companies in seven Asian countries argue that all the seven countries were having different understanding on CSR. Among the selected countries were: “India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand”. Chapple and Moon have identified that due to different political systems, cultural difference, religion, and local business structures, the selected countries were found different and no single pattern on CSR was found among them. The CSR activities either were found as reporting, involvement in community development, and other charitable activities.

CSR in Asia is believed as the importing component from the west and thus has different applications in the Asian perspectives (Fukukawa, 2009). Based on the data from the countries including: Japan, Malaysia, Indonesia, Thailand Fukukawa has argued that these countries except Japan are lagging behind in the field of CSR. But, he believes that due to the intense globalization these countries have to practice western led CSR to survive. Likewise, Welford, (2005) based on the twenty elements addressing CSR concerns and the best practices from Europe, America, and Asia has identified that CSR in west is much advance as compared to Asia. For example, based on the basis of survey Welford has found that:

“In general there are more relevant policies in place in Japan, Korea and Singapore compared with Hong Kong, Thailand and Malaysia. Fair wage, working weeks and overtime structures seem well developed in Japan and Korea but very uncommon in the Chinese dominated economies of Singapore and Hong Kong. Despite all Singaporean companies having policies on non-discrimination, few go further in having policies on the protection of human rights within the organization” (Welford, 200 p. 45).

Likewise, Higgins & Debroux, (2009) have argued that in fact the Western countries have taken lead in initiating and implementing CSR, but it is also hope that the globalization in one or other way is the source of bringing CSR culture in the Asia. Asian countries are confronted with number of challenges for example, poverty, hunger, corruption, labor right issues, health, education, and many more (Chapple & Moon, 2007). Schuyt, (2010) has identified that how European welfares nations believe in philanthropy. According to Schuyt throughout Europe the trend of philanthropy is increasing fast. The author further argues that a history of philanthropy is closely associated with religious obligation. The author adds that in Europe Judeo-Christian tradition has also helped in promoting philanthropic activities. This author argues that motivation behind philanthropic was to contribute to alleviate poverty. Thus, according to Schuyt the main motivation behind philanthropy was “to relieve poverty, help the sick and the aged, and support widows and orphans” (Schuyt, 2010, p. 775). Therefore, this author believes that charity has been witnessed since many centuries and is being practiced around the world. Likewise, Crane & Matten (2004) have also identified that it has been made compulsory in Europe that the philanthropic activities work under legal framework.
A detailed review of extant literature on CSR in developing nations suggests that CSR in developing countries is yet to be fully understood and developed (Jhatial, Cornelius, & Wallace, 2014). Jhatial and his colleagues argue that there is an increasing body of academic and research knowledge that calls for understanding the diversity in the policy and practice of CSR in developing countries. These authors have underscored the importance of investigating CSR in developing countries as they are the gateway of business opportunities.

**CSR activities on the regional basis**

We discuss the CSR activities on the regional basis and argue that CSR activities among selected companies have similarities and differences. The authors of this paper present the nature of CSR activities among selected countries. CSR among developing nations is not addressed in its entirety and the framework of philanthropic CSR is dominant. Blowfield, Frynas (2005) have critically studied the CSR perspective in developing nations and have identified that these nations based on their have different national, cultural, and environmental challenges and opportunities frame CSR activities.

**CSR activities in Middle East**

Furthermore, Jamali, (2014) studied gender Institutions in the Arab Middle East and have identified that (CSR) activities, can help in the positive business development. CSR in Middle East is not being fully addressed in accordance with international standards as it is practiced in west (Jamali, 2014).

CSR in Middle East has not been fully developed as it is understood and practiced in the West (Jamali & Sidani, 2012). Jamali and Sidani argue that the Middle East region has its own social and economic problems ranging from poverty, Unemployment, health, environment, and lack of education. Hence, the current status of CSR in this region is predominated with Islamic philanthropic CSR which these authors believe that seems to be fir in the current situation.

Jamali, (2014) has argued that the status of CSR in the Middle East is different from the West. Jamali argues that SCR in Middle East has roots in Islamic philanthropic approach. She argues that a long historical practice of philanthropic CSR is now being shaped and institutionalized. Avina, (2013) has identified that overall economy of the Middle East region is affected with political and social problems. The increase in unemployment ratio, lack of democracy, and strong hold of cultural values are the believed the barriers in the social and economic development of the region. Avina explain that CSR activities in the Middle East can be found in three major areas which include “philanthropic, traditional support to the communities, and theme based CSR with government partnership”. Katsioloudes & Brodtkorb, (2007) based on their exploratory research on CSR in United Arab Emirates have identified that UAE despite being an Islamic state has also prevalence of multicultural and MNCs influences. The literature on CSR in UAE is limited and CSR engagements are moreover found in charities, community development, and environment. The local companies are not much aware of the CSR notion. Being an Islamic state the practice of philanthropic giving is historically and religiously embedded in the Arab world.

**CSR in Sri Lanka**

Sri Lanka before her independence was under the influence of British rule and thus inherited many political, social and economic challenges (Goodhand, Hulme, & Lewer, 2000). Eventually, the continuity of these problems compelled the business firms to do philanthropic contribution. It has been seen that most of the local and private firms are engaged in charitable giving and believe that communities need such help. The
main reason that Sri Lanka is entitled for corporate philanthropy is her location, as more natural disastrous such as “floods, droughts, landslides, and cyclones” have always hit the citizens of Sri Lanka (Ariyabandu & Hulangamuwa, 2002). Hence, based on the data collected from fifteen companies, these authors most of the public and private businesses do believe to give back to their communities in the form of philanthropic contribution. Eventually, the private firms firmly believe that doing charitable contribution help the firms to achieve win-win situation in which both financial and social benefits are achieved. Beddewela & Herzig, (2013) have identified that Sri Lanka has a long historical development in the field of corporate philanthropy. Beddewela and his colleagues argue that most of the public listed companies believe in voluntarily CSR but the overall understanding of CSR in Sri Lankan context is at nascent stage.

Hence, CSR has been seen either in increasing organizational profits or developing the reputation in the eyes of the various stakeholders. For example, Fernando, (2010) based on the interview data from the two private firms namely Unilever (Sri Lanka) and Brandix were found engaged in CSR activities. Their activities were mostly based on increasing the profits, firm’s reputation, and contribution particularly in the affected areas after tsunami. In another study of the similar private firms Fernando, (2007) has similar results in which these two private firms particularly after the Asian tsunami, were engaged in charitable giving. Fernando further identifies business communities’ sense that they should address the social needs which according to Fernando is a good sign for the CSR scholarship to develop in the Sri Lankans context. The majority of organizations carrying their activities were mainly found in education, employee welfare programs, providing employment, concerns on environment protection, and religious activities.

Multinational companies working in Sri Lanka are facing serious problems in social reporting as they have to align their policies with the internal policies of the state (Beddewela & Herzig, 2013). Based on the in-depth interviews with eighteen managers across ten subsidiaries in Sri Lanka, these authors have identified that MNCs have internal legality blockades which do not help them to fully unveil their social reporting.

**CSR in Indonesia**

More recently, Fauzia, (2013) has identified that how faith and philanthropy has been a dominating factor in Indonesia. Fauzia argues that being largest Muslim country in the world Indonesia follows Islamic principles and values in their mainstream business. According to Fauzia philanthropy is one of the central and integral components of Islam. Because among the five pillars of Islam Zakat (alms giving) is one of the component. According to her Islamic philanthropy can also be found in other areas which include; Sadqa (donations), waqf (pious foundations or trusts).

**CSR in Bangladesh**

Bangladesh being a part of developing nations has also remained under the influence of cultural, traditions, and religious (Alavi, 1971; Sufian, 2012).

CSR in Bangladesh is new concept and is at early stages (Azim, Ahmed, & Islam, 2009). It is believed that most of the MNCS are relatively better in CSR engagement in Bangladesh (Sobhan, 2006; Uddin, Hassan, & Tarique, 2008). H. Khan, Halabi, & Samy, (2009) have identified that Bangladeshi banks are found in CSR reporting, S. F. Hossain, (2012) based on the questionnaire survey from the private banks of Bangladesh has found that people lack clear understanding of CSR and seemed least concerned with social responsibilities.

Bangladeshi listed companies have been found lacking in CSR initiatives. For example, Azim, Ahmed &
Islam (2009) have discussed that CSR among most of the Bangladeshi listed companies are predominantly with voluntarily approach. D. M. Hossain, (2005) based on the data from the 75 listed companies has also identified that they were engaged in voluntarily CSR. Al Masud, Hoque, Hossain, & Hoque, (2013) based on the data from one of the MNCs in Bangladesh have argued that CSR is not being practiced appropriately, and believe that much work is needed to strengthen the CSR network. CSR in Bangladesh has not been successfully developed and the main problem within Bangladeshi business is the lack of corporate disclosures, which raises serious questions on their business activities (Belal & Cooper, 2007). Belal and Cooper based on their 23 semi-structured interviews from the corporate managers of the Bangladesh have identified that the main reasons behind non-disclosure was;

“lack of legal requirements, lack of knowledge/awareness, poor performance and fear of bad publicity” (p. 01).

CSR in Bangladesh is far behind from the west as the social, environmental, and economic problems are on the rise, which in long run will bring the negative consequences for the generations to come (Rahman Belal, 2001).

Likewise, Uddin, Hassan & Tarique (2008) have discussed that most of the local and multinational companies are engaged in developing the name of their own brand in the market; however some of the local companies have started mentioning their activities mainly associated with humanitarian actions.

From the above literature it can be seen that CSR in Bangladesh has not been fully developed and all the focus is on voluntarily approach. This employs that a lot is to be done in the field of CSR. The state, public, private partnership can be the effective way of embedding CSR culture within public and private firms.

**CSR in Pakistan**

CSR activities among Pakistani are predominately found in philanthropic and charitable activities (Jariko et al., 2016; Jhatial, Cornelius, & Wallace, 2014). These authors have raised the concern that CSR activities among Pakistani companies are engaged with providing medicines to the hospitals, giving away scholarships to the students, providing relief activities during natural calamities. These authors suggest that activities with which Pakistani are engaged make a small fraction of entire CSR landscape

The range of CSR activities among Pakistani companies are found in health, education, and other community development programs (Khan, Majid et al. 2013, Yunis 2012). A very limited amount of research on CSR has been carried out in Pakistani context which portrays that CSR has not yet fully developed in accordance with international standards (Memon, Bhutto, Chanar, & Robson, 2015; Memon, Dars, Mangrio, Bhutto, & Robson, 2016). These authors assert that the status of CSR is lagging behind in its true spirit and much work is needed to strengthen it. CSR in developing nations including Pakistan has not fully nurtured and is limited to philanthropic approach (M. Khan, Majid, Yasir, & Arshad, 2013; Naeem & Welford, 2009).

The literature in context of Pakistan suggests that CSR activities are found in philanthropy and charitable activities.
CSR in India

CSR activities among Indian companies have roots in religious and social welfare (Arora & Puranik, 2004; Gautam & Singh, 2010; Singh, 2010). These authors have asserted that Indian companies have strong notion to give back to societies in various forms. Gupta & Sharma (2009) add that philanthropy and charities are the dominating CSR activities among Indian companies. Indian firms are moving ahead from their traditional ways of doing CSR and are focusing on ethical and stakeholders approach (Dhanesh, 2015; Lenssen, Blagov, Bevan, Arevalo, & Aravind, 2011). However, these authors assert that the Indian firms are facing problems in terms of resources and motivation from the leadership to implement and initiate CSR activities.

For example, taking the case of southern Africa Hamann (2006) has further identified that;

"Southern Africa’s pressing development challenges relate to deepening poverty, high levels of unemployment and increasingly vulnerable livelihoods, high levels of urbanization, severe housing backlogs and lack of basic services, environmental degradation and the spread of HIV/AIDS and other diseases’(p. 180).

This, according to the author raises many questions for the economic Institutions and states. The author believes that all the actors need to work together to find out the collective solutions for the social problems being faced in the region. The author believes that UN also sees the role of private companies to come forward and participate on solving the social problems.

The authors of this paper argue that CSR activities among developing nations are limited to philanthropy and charitable activities. This employs that CSR activities have not yet fully developed in accordance with international standards where CSR reporting, sustainable business, ethical conduct of business, stakeholder engagement are taking firm roots.

Conclusion and future recommendations

It can be concluded that CSR in the West has become more advanced and the companies are addressing the societal and environmental issues in their mainstream business. Bansal & Roth, (2000) based on the data from the UK and Japanese firms have identified that the international firms working in different parts of the world can transfer the best practices. The international firms have the resources and powers and can help in promoting the social justice, which can be the lesson learning for the local firms in Asia as well (Bansal & Roth, 2000; Christmann, 2004).

The authors conclude that specific regions have differences for example; in case of Middle East the companies are more inclined towards the religious practices which also shape the CSR activities. In case of Sri Lanka the companies reflect both religious and culturally motivated practices. This also employs that companies address CSR activities in their mainstream business which are based on the religion and cultural grounds. Bangladesh likewise Sri Lanka remained under British colonial rule and got many political, social, and economic problems. As it is a Muslim state and is inclined towards religious practices and the CSR activities in Bangladesh reflect religion indoctrination. India was also part of long rule of British colonial epoch and got many political and social problems inherited. Indian companies are addressing both economic and social activities in their mainstream business. Pakistan also remained under British colonial rule and got independence as Muslim state and religious indoctrination plays an important role in shaping CSR activities in Pakistan. CSR activities in Pakistan are philanthropic and charitable based.
This paper concludes that CSR activities among developing nations is very limited to philanthropy and charitable activities. The paper also concludes that the nature and problems of developing nations also account for reflecting philanthropic CSR activities'. The CSR activities found among developing nations are the small fraction of CSR. It is also learnt that CSR activities in West has got more momentum and scope and the companies are moving beyond philanthropic CSR. Paper also concludes that CSR in Middle East, Sri Lanka, Indonesia, Bangladesh, Pakistan and India are not yet fully developed as philanthropic and charitable activities are dominating.

Hence, the authors of this paper have the following suggestions:

- CSR in developing nations needs to be moved from philanthropic to more sustainable business.
- Philanthropic and charitable CSR activities need to be transformed into more sustainable model by contributing in the societal development.

In the end we encourage more qualitative research approaches to dig into deep about the CSR activities in developing nations.
References


