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**Connecting the Dots: Countering Violent
Extremism
through Corporate Social Responsibility**

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Acronyms

AFP	Agency France-Press
CGO	Companies' CSR General Order
CP	Corporate Philanthropy
CSR	Corporate Social Responsibility
CSR+	CSR+ Social Impact Investment
CVE	Counter Violent Extremism
DAI	Development Alternatives Incorporated
IEP	Institute for Economics and Peace
GDP	Gross Domestic Product
NFEH	National Forum for Environment and Health
PCP	Pakistan Centre for Philanthropy
RBI	Responsible Business Initiative
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SDPI	Sustainable Development Policy Institute
UN	United Nations
WBCSD	World Business Council for Sustainable Development

Abstract

The study discusses the state of violent extremism in Pakistan and efforts to counter it through Corporate Social Responsibility (CSR). In the backdrop of terrorist attacks that incurred financial and lives losses, the study highlights as to how it has fragmented Pakistan's social fabric. As a way forward, it talks about the measures in terms of peace-building and interfaith harmony, which could be strengthened by using the private sector CSR resources. The study further aims to analyze as to how Pakistan's private sector is implementing its CSR, which is still at primitive level whereas the world has reached the social impact levels out of CSR.

Extensive interviews of senior officials of the selected private companies undertaking CSR activities have been conducted to gather qualitative data. The study provides information on the CSR models and activities of 28 selected companies from telecommunication, oil and gas, food and some of the mix sectors. It also discusses as to how the selected companies undertake their CSR-related work.

Many companies would spend huge amounts for social welfare and community development, including education, health, sport, etc. under CSR, but this practice leaves no deep-rooted impact. The study finds that international companies operating in Pakistan follow the footsteps of their headquarters' CSR agenda and perform under the structured CSR programmes and policies whereas the national and local companies lack this vision.

The study reveals none is reported to have done any work on efforts to counter the violent extremism. It stresses the need to promote peaceful co-existence in the society to counter the violent extremism.

Keywords: Corporate Social Responsibility, CSR models, Violent Extremism, Counter Violent Extremism, CVE

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1. Introduction

Violent extremism is one of the byproducts of terrorism (Basit 2015). According to 2016 Global Terrorism Index, Pakistan is ranked 4th (with the score of 8.6) among the countries that are badly affected by terrorism. As a result, Pakistan has lost 2.8% of its GDP, which is much higher than the budgetary allocations for health and education (Basharat 2017). The Economic Survey of Pakistan (2014-15) revealed that terrorism incurred a loss of US\$106.98 billion (Rs 8.7 trillion) to the economy.

Amid this situation, the civil-military leadership reached a consensus document - National Action Plan 2015 - with the agenda of eliminating extremism from the society and launched military operations such as 'Zarb-e-Azab' and 'Operation Radd-ul-Fasaad' to exterminate terrorists' outfits and their hideouts. According to the International Humanitarian Law and Practices, the use of military force in conflict situation is one of the options to reach peace-building. That is why, Pakistan exercised the option of using force against terrorists. Other peace-building measures included evolving counter narrative, promoting Interfaith harmony, etc.

In 2018, Paigham-e-Pakistan, a new national narrative of peace, was launched. The document comprises a 'fatwa' and a 'statement' signed by over 1800 Muslim scholars, ulema and academia. Paigham-e-Pakistan calls for peaceful co-existence of all citizens irrespective of any bias. It forbids declaring 'Jihad' by any individual or group rather gives it in the domain of the state. Similarly, it denounces terrorism and extremism and suicide attacks. These initiatives generated debates on peace-building and advocated tolerance in the society.

Terrorism/extremisms cannot be curbed only through the use of force (United Nations Security Council [UNSC] n.d.), therefore, there is a need to address grievances of the communities, who may be exploited by terrorists/extremists and their supporters. It has been necessitated that the involvement of governments, philanthropists, NGOs, corporations, faith leaders, and private sector is needed in countering extremism at all levels.

Peace is an essential prerequisite for the successful and smooth functioning of business while conflicts and acts of terrorism are harmful for it and destabilize societies across the regions. Hence, corporate sector at local, national and global levels has developed CSR norms and guidance for their constructive engagement in conflict-prone zones to promote peace-building processes (Basnet 2014).

In Pakistan, business community was also badly affected by the acts of terrorism. The situation has further exacerbated due to the prevalent insecurities pertaining to extortions and kidnapping of businesspersons for ransom carried out by the extremist groups. Having major stakes in the subject issue, there is an inviting space for the private sector to supplement the government's efforts for ensuring peace and stability in the country that would ultimately bring financial and business sustainability/benefits in short and long run to their businesses.

On the other hand, corporate sector in Pakistan is encouraged (if not legally but morally) to spend a certain amount of their profits for the uplift of the communities around. The spending of CSR funds by corporate sector in Pakistan, to some extent, is similar to the practice of the development sector focusing more on service delivery to the communities though some development sector organizations also do policy advocacy work with the rights-based approach. In Pakistan, CSR is in its development phase whereas in the modern and industrialized society and global businesses, CSR has graduated to a different level, i.e. Social Impact Investments, the CSR+. Global Businesses are known for contributing towards societal development to build resilience of communities against the impact of conflicts and violent extremism. Therefore, keeping in view the fragile environment of Pakistan with a constant threat of terrorism and deep-rooted extremism, businesses here should also start investing in conflict transformation and peace-building processes with a view to winning hearts and minds. While the government and military are focusing on peace-building activities to root out extremism and rebuilding the broken structures, it is a right time for private sector to start investing in peace building initiatives to promote Interfaith harmony to ensure an environment of peace for a greater, collaborated and sustainable impact on the communities.

This study analyses as to how the contributions made by the business community and private sector help develop the society. This also includes their current investment priorities and any relevance of their work to countering extremism in the country. This baseline information will help further engage corporate sector in meaningful ways to leverage CSR funds for the promotion of interfaith harmony and peace-building activities in their respective geographies.

2. Methodology

Since the scope of businesses and their CSR models are diverse as per their respective management priorities, we conducted a category-based mapping exercise in which companies were divided into their respective sectors. This mapping exercise helped identify the potential participant organizations for the project implementation phase. Efforts have been made to include maximum organizations from all business sectors; however, due to the time constraints and scope of the study, the organizations mostly from petroleum to telecom and agriculture sectors were consulted.

The companies hailing from these sectors responded positively and provided maximum information during the mapping exercise. Mapping exercise connected the team with the officials concerned and took them on board for the next phase of the project as per their business interest. Information related to companies' current CSR practices, their strengths, weaknesses, threats and opportunities contributed substantially in the analysis section of this study. As many as 40 companies were targeted for this research, out of which, 28 agreed to be mentioned in the report.

2.1. Locale and Duration

The review and analysis of the study that took place in Islamabad and Lahore were conducted in the last quarter of 2017. Islamabad is the 2nd largest while Lahore is the 3rd largest financial hub of Pakistan (Chaudry 2015). Both these cities also offer different types of companies, i.e. national (big, medium and small), multinational, and local businesses and enterprises. Since the scope of this study was limited to Lahore and Islamabad, hence organizations having head offices in either of the two cities have been selected to be part of the report.

2.2. Research Tool

For an in-depth analysis, both the primary and secondary data were used. The process started with a desk review to map out companies, who are undertaking CSR function followed by the qualitative interviews with the shortlisted CSR managers/experts of the selected companies. This included rigorous exercise of preparing mapping list, their contact details and conduction of the interviews (one on one, telephonic and on Skype). A structured questionnaire was developed to gather information. The designed questions were related to the companies with CSR background, their current activities, CSR models and strategies in place, future areas of investment and resource allocations for CSR.

2.3. Sample Size

A total of 40 companies (20 each from Islamabad and Lahore) were identified and shortlisted to be part of the research at a later stage. Out of the 40 companies, 28 agreed to be quoted in the report. The companies' identification was done from the records of Lahore, Rawalpindi and Islamabad Chambers of Commerce and Industry. The selection of companies was done through the reports of the National Forum for Environment and Health (NFEH), Annual CSR Award and Pakistan Centre for Philanthropy (PCP) based on their corporate philanthropic contributions. The leading companies whose officials were interviewed include: Haidri Beverages (Pvt) Ltd; Jazz Foundation of Mobilink; Telenor Pakistan; Ufone; Zong (China Mobile Pakistan); Pakistan Telecommunication Company Limited (PTCL), Huawei, Rastgar Engineering Group, Askari Cement Limited, Sona Welfare Foundation, Serena Hotels, Hashoo Foundation, Bahria Town (Pvt) Ltd, Oil and Gas Development Company Limited, OMV (Pakistan), Mari Petroleum Company Limited (MPCL), MOL Pakistan Oil and Gas Company B.V; Pakistan Oilfields Ltd; Hashoo Oil and Gas Division; Engro Foundation; Monsanto Pakistan Ltd; Nishat Power Limited; CARE Foundation Pakistan; Mitchell's Fruit Farms Limited, Packages Limited, Babar Ali Foundation, Nestlé Pakistan, Water and Power Development Authority (WAPDA), and Qarshi Industries Ltd.

2.4. Data Analysis

All Key Informant interviews were transcribed verbatim. The transcripts were also revised to include additional information from the handwritten notes where the recording was not done

or allowed. To standardize the translations, all the transcripts were translated from Urdu to English. After the completion of transcriptions, the data was manually analyzed and divided according to the identified sectors (petroleum, telecommunication and Agriculture). Interviews data was reviewed intensively to develop a correct scheme for coding information according to the themes.

2.5. Limitations and Delimitations

Unexpectedly, some of the companies were found to be non-responsive when it comes to the topic of CSR. One of the interviewees said that they have strict instruction not to disclose any information pertaining to the company's CSR related activities (despite the fact that company is doing CSR). Similarly, one of the interviewees also avoided giving any information pertaining to CVE related CSR activity probably due to its sensitive nature. The research team, however, addressed this situation while reframing the questionnaire to get information in an indirect way. Moreover, top to bottom approach played a substantial role where research team in most of the cases contacted the manager level officials, who introduced and instructed CSR focal persons to provide required information. This exercise consumed more time than expected; however, finally it worked out well.

Taking for-profit organizations on board is a real challenge due to their varied business priorities, interests and busy schedules. This caused delay in the implementation plan/timeline of the study. Since the real purpose of the review and analysis study was to engage business community at a later stage of the project hence, the lobby meetings were done to take them on board prior to their interviews. This was accomplished by tapping on their business interests and introducing some potential benefits as a result of this project, i.e. development of Social Action Projects for the selected five companies that may generate greater impact of their current CSR investments.

3. Conceptual understanding on CSR and CVE

In order to engage private sector/corporations in CVE initiatives, it is imperative to have an in-depth knowledge of the concepts, historical background (origin and evolution) and their true spirit for its effective use. The following sub-sections explain ideas on CSR and CVE and their potential linkages.

3.1. Concept of CSR and its Evolution

For socio-economic development, CSR becomes instrumental where involvement of the business firms and other stakeholders is a pre-requisite (Kabir et al. 2015). World Business Council for Sustainable Development (1998) defines CSR as:

The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the community and society at large.

The history of CSR can be drawn out from the early 1950s. However, the fading dots of CSR can be connected with the era of industrialization. During the industrial revolution (particularly from the mid to the late 1800s), criticism on the growing number of factories was reported. Corporations in order to generate profit utilized both human and natural resources that posed negative impact (apart from positive) on the host communities as well as environment such as depletion of irreversible resources and pollution, etc. Apart from this, disapproval was also instigated based on high level of prevalent social problems in society such as increasing poverty, number of slums, and children and women in labor force. (Carroll 2008).

Since the 1950s, the concept of CSR has been transformed substantially (Carroll, 1999; Freeman, 1984). According to Welford (2004) and Stigson (2002), during its evolution scholars debated critically over the basics of CSR such as its meaning, whether, where and why it should be implemented. Similarly, scholars have expressed their arguments on the conceptual clarity and wide-ranging explanations. According to them, the concept of CSR has been linked to social responsibility exhibited through an organization's role towards the development of society (Maignan 2002; Woodward 2001; Deresky 2000). However, in general terms, CSR can be defined as a moral duty to act in a manner that is socially responsible (O'Donovan, 2002; Shocker and Sethi 1973). Also, it is vital to note that due to varied values and priorities hosted and practiced by different countries, the implementation of CSR varies too (Baker 2009).

Consequently, businesses along with maximizing profits started expressing their concern to improve employees' conditions for enhancing their productivity and effectiveness. John H. Patterson in the late 1800s played a vital role in this regard by initiating "industrial welfare movement". This movement tends to motivate employers to improve the condition of workers (Wren 2005). Instead of the employees' improvement, businessmen shifted their perspective from mere economic benefits towards corporate philanthropic contributions to supporting respective communities (Carroll 2008). According to Wren (2005), businessmen of the late 1800s were found socially-responsible as they tend to give away money to invest in schools, churches and community projects. However, difference of opinion was found among the scholars for putting this act under the head of individual or corporate philanthropy. Apart from this debate, questions were also raised on the intentions of their actions whether these investments are purely altruistic in nature or are they inclined towards their economic benefits (Carroll 2008).

Healed (1970) quoted philanthropy as one of the primitive forms of CSR that played a major role in the development of this concept. He was of the view that new version of CSR began to emerge through philanthropy during the period 1918-1929 (Healed 1970). Murphy (1978) on the other hand studied and classified CSR into different eras. He named time period prior to the 1950s as philanthropic era where charity donation was widely practiced followed by the

awareness era (1953-67) in which business consciousness and involvement in community matter started. While time period from 1968 till 1973 was titled as the issue era by Murphy due to business involvement towards the issue-based donations such as pollution. Responsive era (1974 and beyond) was followed by the issue era. It involved structural changes (management action) such as application of corporate ethics and social performance disclosures. Similarly, according to Shahin and Zairi (2007), the concept of CSR bloomed and flourished in the second half of the twentieth century (Shahin and Zairi 2007). That took another half a decade to get dominance in business reporting (Crowther and Aras 2008).

In broader terms, CSR was perceived to be identical as corporate philanthropy until 1980s. However, during this decade, the ongoing violations of labour and human rights along with environmental degradation caused by big businesses (Shell, Nike, and Gap Inc., etc.) created huge wave of criticism among the masses. This gave rise to the notion of legalizing the concept of CSR for the big business that secures votes both in favour and against. However, due to lack of consensus over legalizing the issue, it was not put into practice. Nevertheless, in order to cope with the environment and human rights violations, environmental and social standards along with certification programmes were launched to handle this situation during the 1990s (Responsible Business Initiative 2015).

Pressure groups (including human rights & social activists, environmentalists, and media) played a vital role in creating awareness and highlighting violations by big businesses. This had exerted a huge pressure to comply with the set standards along with the legal implications relating to immoral business practices. The customer had also used his right to reject products of the companies that had not been complying with the rules and regulations. Such rejections put those companies at risk in terms of their reputation. The CSR experts believe that a socially-responsible business entity earns befitting benefit from its good reputation amongst its customers; and is also recognized as a respectful entity in their business community.

3.1.1. CSR in Pakistan

The concept of corporate philanthropy is not new in Pakistan. A huge amount of philanthropic contributions throughout its history have been recorded (Pakistan Centre for Philanthropy 2015). According to Klesc (2008), substantial philanthropic contributions for the betterment of fellow human beings are exceedingly influenced by the concepts of Islam, including Haqooq-ul-Ibad (Rights of Individuals/human beings), Halal (good) intentions and *Tazkiyah*¹.

¹ Effort to avoid “hypocrisy, caprice, heedlessness, and everything else that keeps a Muslim serving God for His sake alone. This purification of the soul is called *Tazkiyah*”.

Despite the significant difference², CSR and corporate philanthropy is often used interchangeably in Pakistani society. This scenario creates difficulty among the top management of big corporations and businesses to remain uncertain about its true meanings and spirit (Responsible Business Initiative 2015). Contrary to it, CSR is often looked as a tool to comply with the international norms and standards rather than the real philosophy of CSR (Responsible Business Initiative 2015). However, slowly but steadily things are changing in Pakistan, as companies, in order to ensure their business sustainability, have been initiating to formulate their CSR policies and practices pertaining to social, economic and environmental impacts posed by their businesses. Though, it is also true that companies in Pakistan have adopted different CSR management systems that are emerging as challenges for stakeholders to comprehend the data based on their CSR activities (Shekha 2013). Security and Exchange Commission of Pakistan and State Bank of Pakistan are the two statutory bodies responsible to oversee the conduct of businesses (big or small) and the corporations in Pakistan. These for-profit organizations are regulated through the Companies Ordinance (1984) along with labour laws. The Companies Ordinance 1984 has recently been amended in 2017³, which provides rules and regulations for issuing license for charitable and not for project objects. On the other hand, business interests are administered by the chambers of commerce and trade unions. The chambers ensure to strengthen corporate integrity by establishing accountability and transparency.

In order to ensure corporate accountability with respect to CSR activities, SECP has promulgated CSR Voluntary Guidelines in 2013. This was in continuation with the Companies CSR General Order (CGO) issued by SECP in 2009. CGO targeted all public companies to disclose both the descriptive as well as financial resources consumed in the conduction of CSR activities in each financial year. According to Centre for Philanthropy (2015), since the enactment of these guidelines, some advancement in the CSR related activities is visible. However, complete compliance is still a challenge in Pakistan mainly due to vast and diverse business structures.

3.2. Countering Violent Extremism (CVE)

Long history of peacemaking efforts both at global as well as national level indicated that the use of force is one of the options to counter-terrorism. This stems from the fact that now wars are no more fought in traditional battlefields rather extremist factors operate from and within the society wherein civilians are badly hit (Simpson 2015). Terrorism is the worst form of

² CSR is broader than Corporate Philanthropy (CP) where CP can be stated as one activity of CSR.

³ Companies Act, 2017 Rules and Regulations Associations with charitable & not for profit objects (licensing & corporate governance) Regulations

violent extremism. The concept of Countering Violent Extremism (CVE) emerged at the global arena after the series of terrorist attacks in the United States (9/11/2001), Madrid (2005) and London (2006). After these attacks, the United States of America, Canada, Australia, France, Finland, Holland, Nigeria, Norway, Spain, and Switzerland formulated their national CVE strategies during 2005-2011. The United Nations also drafted its global anti-terrorism approach during 2006. Nonetheless, CVE gained its official status in 2015.

The concept of CVE perpetuates that global terrorism should not only be countered by military and intelligence means, but also through addressing the root causes of terrorism. It refers to “soft” side of counterterrorism strategies that address factors/drivers to engage the players in both the politically or ideologically-motivated violent activities. Once the then UN Secretary-General Ban Ki Moon supporting CVE said: “Missiles may kill terrorists; but, I am convinced that good governance is what will kill terrorism.”

Violent extremism in Pakistan is a multidimensional and complicated phenomenon being a heterogeneous society comprising communities belonging to different ethnic origins and believers of various denominations of Islam. According to Marisa (2010), extremism in Pakistan is referred to Talibanization, radical Islamization and Sectarianism (Marisa 2010). On the other hand, it is seen in the context of opposing the Western and American policies, ethno-political violence and nationalist-separatist riots in a few pockets in the country (AFP 2014).

Extremism and terrorism have a cause-and-effect relationship in Pakistan. Hence, in order to address terrorism, its bond with extremism needs to be disrupted (Mirahmadi 2012). Also, it is imperative to block avenues used by the extremist groups to upsurge their influence in the society (Sial 2013). This can be done by identifying and reaching out to the at-risk segment of the society that can fall prey to these extremist groups (Rana 2010) and their extremist ideologies. There is a need to undertake peace-building and development activities to address rampant inequalities within the society so that the vulnerable populations cannot be exploited by extremist groups.

3.3. Connecting Dots between CVE and CSR

Historical evidence indicates that military and law-enforcement measures (by using force) to counter terrorism often exacerbated the situation that brings injustice and oppression to those who are not even in-support of extremist narratives. This situation often instigates sympathy and inclination of the victims towards the extremist elements and combatants due to excessive use of force in which civilians also got inflicted. In order to avoid such consequence, it is imperative to adopt a balanced approach that includes traditional military and law-enforcement actions along with the CVE programmes and policies (Joseph 2010). Parallel implementation of both hard and soft measures might offer dividends. Analysts are of the view that sometimes “use of force” makes it difficult to upscale the “soft power”

strategies. The learning from a number of conflicts says that military and law-enforcement interventions/measures alone proved to be counterproductive as they used to neutralize the impact of some CVE initiatives. CVE on the other hand can be tagged as a preventive approach that works on the soft skills of the individual at risk that potentially can fall prey to the extremism. Owing to its preemptive nature, CVE differs from conventional counter terrorism approaches. It involves a broad range of practitioners belonging to different fields (non-military and non-security) to address underlying drivers of violent extremism (Chowdhury 2015).

The role of private-public partnership in this regard is gaining recognition at national and international level. The United Nations Human Rights Council in June 2011 endorsed the “Guiding Principles on Business and Human Rights: Implementing the UN’s Protect, Respect and Remedy Framework” which necessitates corporate responsibility to respect human rights.⁴ The UN has a full Business and Human Rights Resource Centre, which provided updates and implementation processes regarding the Guidelines and the Framework. Global businesses work with the UN for protection human rights where they are abused during conflicts and other situations as their commitment and responsibility under the UN Guidelines (2011).

This global commitment is rooted in the approach that the true essence of CSR lies in the social and economic development to improving lives of the vulnerable segments of the society; hence, investing CSR funding in CVE is an imperative to ensure the accomplishment of the very purpose of CSR. Peace and stability in the region by addressing the violent factors/ideologies and narratives will promote breeding grounds for economic development.

In Pakistan, while government and military forces are focusing on peacemaking activities, it is a right time for private sector to start investing in peace building activities to eradicate extremism from the society for a greater, collaborated and sustainable impact through CVE approach. This can be achieved through the exiting avenues of CSR as corporate sector in Pakistan is also obligated to spend a certain amount of their profits to uplift surrounding communities. The usage of CSR funds by the corporate sector in Pakistan is quite similar to the practice of the development sector as funds are utilized primarily on the physical development of the social sector in the host communities. There is a need to shift businesses interest and money utilized under the head of CSR for conflict transformation processes and promotion of ‘winning hearts and minds’ efforts.

4. Discussion and Analysis

Pakistan falls among the most generous nations of the world (as per World Giving Index). Pakistan Centre for Philanthropy publishes reports of Corporate Philanthropy Survey every

⁴ <https://business-humanrights.org/en/un-guiding-principles-on-business-and-human-rights-1>

year, and has also published reports on Individual Philanthropy. Many national and international organizations, as part of their mandate, are contributing towards the development of the country by paying taxes, doing CSR and other means. This study discusses the sort of mapping of the state of CSR in selected companies, the CSR/social welfare work of the 28 national and international organizations from telecommunications, petroleum, food, energy, industry, health and other sectors. The study finds that mostly international organizations have the clear ideas of what they are doing falls into the CSR work as they inherited this from their parent organizations, functioning globally. The national companies selected for this review are mostly doing welfare work for the field and host community, and employees and their families. Most of the national companies lack any CSR strategy or any structured framework rather they carry out welfare-oriented activities as part of their marketing and public relations function and some made it part of human resources.

Though corporates are not bound to do CSR in Pakistan by law, SECP has given certain guidelines for the companies willing to voluntarily undertake CSR activities. The SECP guidelines, especially calls for at least a minimum percentage of the profit before tax deduction should be spent on the CSR activities. More obligation is on the oil exploring and producing companies to serve their communities, fields and areas as compensation for any environmental degradation. So, most the oil companies focus more on the protection of environment and developing green areas. In the absence of legal binding for CSR, many large national organizations, including Fast Moving Consumer Goods (FMCGs) companies, are implementing CSR in a true spirit, even if they are donating funds, mostly they give in the form of charity to establish foundations, trusts and welfare organizations. Some organizations have established their own foundations or trusts, operating as separate entity to perform welfare and philanthropic activities, e.g. Mobilink Foundation, Jahangir Tareen Foundation, Qarshi Foundation, Hashoo Foundation, Sona Welfare Foundation, The Mohsin Trust, etc.

During the review and analysis study, a clear difference was noticed between structures and strategies of CSR implemented by national and international organizations. The foreign companies have clear structures, policies and procedures in place with defined scope, areas of intervention and objectives. Mostly, they are strictly following guidelines and focusing on the impact of their investments. Whereas, in most of the national organizations, there has been no formal CSR strategy or a policy; and officials undertake any CSR/welfare activity as per requirement or on the desire of the higher management, without aiming for the impact of their investments. This is the reason that besides investing heavy funds and efforts, national organizations are unable to produce any significant impact on the society.

In most of the cases, organizations seemed to be inclined towards CSR and welfare activities in the 2000s as businesses flourished in that decade, new sectors such as telecommunication and electronic media got the boom and economy witnessed stability. The tragic national losses due to natural disasters, including 2005 earthquake, 2008 floods and 2010 floods in

Pakistan were the time when the businesses in Pakistan done a lot of charity work and entered in the humanitarian sphere. During these times, Pakistanis donated huge sums generously in their individual as well as institutional capacities. Massive rescue and relief operations were carried out with support from philanthropies both individual and corporate, national and international. The corporates and public-private companies then felt the need to streamline their contributions to deliver in a systematic way, as per their respective corporate priorities, in the areas they operate in. Family-owned philanthropies, trusts and foundations usually maintain low profile and work in their specified areas of interventions. Mostly projects are done as per discretion of the top management without much publicity.

Health, education, water, sanitation and hygiene, environment, communication and infrastructure remain the priority areas for almost all organizations and every company contributes towards community development within its resources. A few companies established self-sustainable separate entities/foundations to generate resources from other sources such as donors and partners.

CSR at Petroleum Exploration and Production (E&P) companies is divided into obligatory (as per government rules for petroleum sector companies) and non-obligatory (sometimes called as over and above) projects. CSR is mostly taken as a tool for community relations, where companies leverage their development funds to influence local administration, natives of the area and the tribal elders. As per policy guidelines, these funds are to be utilized only in their respective areas of operation after calculating on the basis of the size of reservoir and amount of oil or gas produced from that reservoir. Directorate General of Petroleum Concessions (DGPC), Ministry of Petroleum and Natural Resources issued guidelines in this respect on 2nd July 2014, which were later revised on 22nd February 2017. These funds are called 'Social Welfare Funds'.

Petroleum companies have large operations and thus get huge income as compared to other sectors. Therefore, their share in corporate philanthropy with respect to amount contributed, scope and impact of CSR activities is the biggest. This is pertinent to mention that although government made welfare projects obligatory, E&P companies were doing CSR activities even before that to create friendly relations with local communities.

Telecommunication sector is dominated by foreign companies with clear policies. CSR is strongly embedded in their operations, with sustainability as a pillar of the organization. Telecom businesses in Pakistan have attained maturity (with thick tele-density) and in order to sustain in the market, the companies need to diversify their services by taking advantage of their technology. The CSR objectives of the companies have clearly built upon the technology and their strength lies in the strong consumer base. Mobile operators have used mobile financing services to address the needs of the economy at grass roots level in an appropriate way. The telecommunication companies are now aiming to leverage technology

and networks for wider range of services, including skills development, telemedicine, ‘tele-taleem’, agricultural solutions, security and other areas.

The companies use CSR as a tool to develop their own supply chain and thus fortifying their core businesses. Nestle and Engro strengthened their vendors, service providers and stakeholders by utilizing their CSR funds and contributed in the development of society at large. Nestle is one of the biggest food supply company in the country. The company has strengthened its supply base in the farmers and built their capacity not only to rare cattle for milk supply to Nestle but also to diversify the communities’ livelihoods. The company has provided technical and financial support to communities so that they learn to earn more and come out of poverty. Engro has a wide range of activities as even they cover health sector as well.

The companies undertaking CSR activities in their social welfare and community development spheres are largely limited to their host communities, supply chain population, employees and their extended families. Most of their CSR work is seen as a charity or welfare and hardly for a wider impact. They invest for a limited objective of serving their respective communities. The national level companies do not have CSR structures with impacts visualized. So, the review and analysis trace a lot of lacunas in the CSR practices of the companies and necessitates the needs for capacity building of the companies on how they can get a better impact out of their CSR funding.

The functions that the companies cover under CSR are limited largely to health, education, environment and community development. This is to be acknowledged that since earthquake 2005, the corporate sector in Pakistan has started contributing in humanitarian work. Some companies have also contributed humanitarian assistance to the temporarily displaced person from the conflict-hit areas. The areas where the companies need to divert some of their CSR funding is peace-building and Interfaith harmony related work as partial support to the National Action Plan. which is a national consensus document. While reviewing the CSR work of the national and International companies, some companies were found promoting sports and sportspersons but only with sports purposes. The review study did not find that any of the selected companies have been spending money on the activities promoting peace and interfaith harmony to Countering Violent Extremism (CVE) from the society.

5. Findings and Conclusion

This study finds that a will exists on the part of corporates in Pakistan to spend funds for the community welfare out of their CSR and charity driven approach. The corporate sector undertaking CSR activities are doing the same on the management decisions and those which are not doing it are not bound under law to do it.

The companies having CSR programmes have limited them to their respective communities and employees as they think CSR is some sort of charity or welfare programme as and when

they may do without an appropriate structure or system. They do not take it obligatory or mandatory as their social responsibility. That is why, they largely focus on providing basic amenities such as clean drinking water, health and education. Some big corporations, especially from the Petroleum sector, do beyond social work and invest in the protection of environment as they are bound under the sector-specific requirements under the guidelines provided by the government.

Despite huge spending by the corporate sector under the head of CSR, hardly much of that amount is diverted to create a real impact in society though they make efforts to comfort some thousand community members associated somehow to their business or supply chain. This trend is increasing day by day. Similarly, sponsorship of sport activities and taking sportspersons on board, the company cadre is the part of promoting sports in the country. Corporate sector in Pakistan has now reached a level where they have shifted from a stereo type marketing to brand marketing and this is the right time to engage with the private sector convincing them that they need to build their brand visibility with that of social impact in terms of investing in the projects benefitting the nation in all odd times, be they disasters, conflicts or any societal disorders. They need to learn how businesses, mostly with the globally acknowledged brands contribute towards peace building, conflict transformation, nation building and eradicating epidemics and promoting social and economic development of the marginalized community across the world.

The foundations by various business houses in Pakistan must learn from the globally acclaimed foundations such as Melinda and Bill Gates Foundation, Ford Foundation, etc. Pakistani business foundations should be imparted the concept of social impact investment rising above the social philanthropy through CSR. There is a need to tell them why is CSR beyond charity and welfare of their own people? How they can create an impact on their society and ultimately to their businesses? What best they can do to utilize available resources for a wider impact? Why their role is important in peace-building in the society?

The study finds that the business sector should be given an orientation regarding expansion of the base of their CSR work to social impact.

At the beginning, it would be good to build on the connectivity with the companies that are doing CSR in whatever shape and be extended the support to those which are willing to develop their structured policies and strategies for CSR. Later on, this interaction could be expanded to those companies which are not the part of this first phase wherein we have targeted 40 companies out of which 28 provided information to be recorded.

The training of CSR staff of the selected companies will open a structured dialogue with the management of these companies for the better utilization of CSR funds. The selected five companies which will be willing to undertake pilot social action plans would provide a leverage to expand the scope of work in future.

The orientation of all the selected companies on countering violent extremism and supporting peace-building needs to be capitalized through a sustainable interaction with these companies encouraging them to champion the cause of ‘CSR for winning hearts and minds’

There is a need to generate business interest of the companies in the cause of ‘CSR for winning hearts and minds’ by imparting them the messages that peace and stability is a pre-requisite for the growth of their businesses and brands. The expanding brand consciousness among Pakistani businesses tends them to improve their quality of products and they need to be imparted that the social impact driven CSR adds value to their brands.

There is also a need to develop a CSR regulatory framework for various sizes of corporates in Pakistan so that the CSR funding is optimally utilized for the greater good of the society. The would-be regulatory framework should not be used for controlling the private sector’s social sector development rather it should support and provide guidelines to channelize the CSR funds for greater societal causes.

CSR interventions could be channelized to meet the national development targets in eradicating poverty and improving the health and education sectors.

6. Policy Recommendations

Pakistan’s expanding private sector is a mix of both industrial and services sector which is good for developing structured CSR, especially the service sector largely comprising telecommunication is directly connected to the people and hence has the power to interact with their subscribers through short messaging.

Telecommunication companies may use the leverage of bulk short messaging (SMS) to convey the messages of peace and interfaith harmony and to counter the messages of extremism to millions of its subscribers.

Corporates in the country are spending billions of rupees on social welfare and community development. These billions may have far greater impact if they are optimally and structurally invested in society at a large-scale.

Private sector plays a greater role in connecting people - their consumers - for peace and harmony. Globally, big corporations have supported the causes of peace in Africa and Asia and the Pacific. Their funding for humanitarian aid is well acknowledged. Since private sector can be a lynchpin between the diverse and sometimes conflicting communities being their consumers and service users and the government, they can play the role of mediator in conflict situations.

‘CSR for winning hearts and minds’ suits well in Pakistan’s situation where violent extremism has created bitterness and the corporate sector can play its role in bringing people together for peace and peaceful co-existence by countering violent extremism, which damaged the very fabric of Pakistani society.

The private sector needs to set aside some percentage of their CSR funds to promote peaceful co-existence in society countering the violent extremism. Through these funds, they may promote the feelings of diverse communities living in peace and harmony.

The CSR funding can promote healthy activities among the youth to protect them from the influence of the so-called extremist groups.

The Information Technology companies may spend CSR funds to train youth for the effective use of social media and countering the social media onslaught by certain extremist groups. These youths-led social media outlets may help generate healthy debates.

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