

A STUDY OF FORMAL AND INFORMAL CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN THE FOOD, BEVERAGES AND TOBACCO INDUSTRY OF KHYBER PAKHTUNKHWA

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ABSTRACT

This study was carried out in a sample of 40 organizations in the Food, Beverages and Tobacco Sector of Khyber Pakhtunkhwa. Purpose of the study was to find out the nature of corporate social responsibility practices performed by these organizations in the context of formal and informal CSR. The top management of the organizations was interviewed by using a close ended questionnaire. The qualitative case study research methodology was applied to investigate the research problem. Data was collected, analyzed and tested through using the three-stage process approach proposed by Miles & Huberman (1994). It was found that the CSR practices are not properly planned, coordinated, integrated and are done on a smaller scale by the firms, resulting low impact on the overall development of the society. Moreover, there were no practical and written plans available in the firms which led to informal and irregular CSR practices in the industry.

Key Words: Corporate Social Responsibility (CSR), Formal and Informal CSR, Non-governmental organizations (NGOs), Developing countries, Small and Medium sized Enterprises (SMEs)

INTRODUCTION

Corporate Social Responsibility is a relatively new but fastly growing concept of corporations meant for the welfare of the society. It is based on the concept that since business corporations earn their profits from the society therefore it is their ethical responsibility to provide services to the society in return. CSR has grown as a subject in the 1930s. CSR studies how companies manage their business process to produce an overall positive impact on the society (Baker, 2004). Donaldson and Davis (1991) identified that there is a moral imperative for the managers to 'do the right thing', without regard to how such decisions effect from performance. Society expects the business organizations to comply with the laws and regulations of the governments (Carroll, 1991). The Carroll's model encompasses the economic, legal, ethical and discretionary expectations that society has of organizations (Carroll, 1979, p. 500). The first two levels of responsibility are required, the third level is expected and the fourth i.e. philanthropic level of responsibility is desired. The Carroll's model of social responsibility provides a hierarchy of responsibilities just like Ibrahim Maslow's

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hierarchy of needs for motivation.

Corporate Social Responsibility is taking care of all the stakeholders of the business in addition to the interest of the business shareholders. The stakeholder approach came into being in 1995. The main Stakeholders include customers, employees, suppliers, community groups, governments. They have an important influence on the businesses and have encouraged them to make some additional investments in corporate social responsibility. Some companies have responded to these concerns positively while others have resisted, on the plea that additional investments in corporate social responsibility are inconsistent with their efforts to maximize profits. This controversy has led the researchers to examine the relationship between CSR and corporate social responsibility in a way to address the validity of concerns regarding a tradeoff between investments in CSR and profitability. Stakeholder management is the central theme of recent business and society (Carroll, 1989). Since 1995, the importance of stakeholders' approach of business has grown. Now, the managers recognize the importance of managing their stakeholders. They realize that any planning or business strategy which does not include analysis of all the stakeholders in the internal and external business environment may be a failure in the long run.

Most of the research on the subject has taken place in the developed nations; however, the concept is getting importance in the developing nations as well. There has been great progress and research on the subject in the west as compared to developing economies of the world. Jamil (2007) wrote that there has been considerable research on CSR in the Western economies, whereas, there is very little available on CSR in the developing economies. According to Blowfield and Frynas (2005) global CSR discussions have been dominated by the European and North American perspectives, and developing economies are just following their agenda instead of developing their own programs in this field. Irrespective of the fact that CSR is being dominated by the western economies, it is now an established fact that the importance of CSR initiatives and stakeholders' management is increasing day by day globally.

This study focused on the CSR different approaches in large and small organizations with a view to see how well planned; organized and effective the CSR practices are in the Food, Beverages and Tobacco sector are? This research question has important obligations with respect to formal and informal CSR business practices and their ultimate impact on the welfare of the society. In view of the above, objectives of the study are given below:

OBJECTIVES

- I) To know how planned and coordinated the CSR practices are
- ii) How formal and informal the CSR practices are in the Food, Beverages and Tobacco industry of Khyber Pakhtunkhwa

LITERATURE REVIEW

There is an increasing recognition of the potential contribution of Small and Medium Enterprises (SMEs) towards employment and economic growth in Pakistan (Khurram et al., 2009). SMEs have been identified and universally accepted as the major

contributory factor to the job creation and poverty alleviation in developing countries, given their labor-intensive production processes and significant employment growth rates (Kok, Deijl, & Essen, 2013).

Small and medium term enterprises (SMEs) operate at micro level, tend to be owner managed, internally financed, have limited financial, personnel and time resources, strongly embedded in the local community, characterized by high flexibility and less formal structure, includes less documentation and fewer procedural hurdles (European Commission, 2002; Fassin, 2008; Jenkins, 2009; Russo and Perrini, 2009). Their involvement in CSR differs from that of large (multinational) enterprises. They are concerned with CSR practices while operating in their own community (Murillo and Lozano, 2006; Russo and Tencati, 2009; Ealter et al., 2010). Their actions for implementation of CSR are in general intuitive, ad hoc, not formalized and rarely publicized (Baden et al., 2009; Nielsen and Thomson, 2009; Bader, 2011). The ad hoc CSR efforts in SMEs especially in the developing countries often lead to duplication of CSR activities having low impact on the overall development of the society.

In developing countries, four stakeholder groups emerge as the most powerful activities for CSR, namely development agencies (Jenkins, 2005), trade unions (Kaufman et al., 2004), international NGOs (Christian Aid, 2005), and business associations (WBCSD, 2000). Besides, the media is also emerging as a key stakeholder for promoting CSR in developing countries (Vivarta and Canela, 2006).

Lund-Thomsan et al., (2006) has given that a lot of companies in Pakistan are argued to be involved in CSR activities, mainly philanthropy and charitable giving for a variety of reasons. Afridi, Riaz, and Ali (2008) studied the role of corporate social responsibility in Pakistan Telecom Industry and concluded that CSR application is developing rapidly in the Telecom Sector of Pakistan. They further added that the Pakistani Telecom Industry is aware of importance of workplace, marketing and other related policies that help them to improve their infrastructure and that CSR is now considered as an integral part of the industry. Awan, Kamal and Rafique (2012) investigated the level of corporate social responsibility in Pakistan and concluded that Pakistan has a moderate level of corporate social responsibility. Moreover, “social accountability” and “social investment” was the main variables contributing in scoring that level.

In short, though a lot of work is still to be done in CSR in Pakistan. Yet, Corporate Social Responsibility is making slowly and gradually inroads in Pakistan in the multi-national and private sector (Khan and Nomani, 2002).

Barke, Jeanne, and Don (1996) studied the CSR Programs that can create strategic edge for the organizations and this included awareness of benefits of both the firms and its stakeholders including its employees. Similarly, on the benefits of CSR in Record Management Industry (“Leveraging the Benefits of CSR in the Records Management Industry) it was concluded that CSR is simply the aligning of the business practices to the needs of all the stakeholders, employees and customers. Freeman (1984) while supporting the stakeholders' stance stated that Managers besides satisfying mere shareholders' needs should also try to develop strategies to content needs of other numerous constituents or stakeholders. These stakeholders include workers, customers, suppliers, and community organizations. Harrison and Freeman (1999) explored the importance of stakeholders' management and concluded that there are

different theories and models on this issue but the empirical research is in an early stage. Mitchell, Agle, and Wood (1997) identify that three attributes 'power, legitimacy and urgency' play an important role to decide "who matters more to CEOs". Another important issue is whether the companies can balance the various stakeholders' competitive demands. Stuart Ogden and Robert Watson while examining the ability of U.K. water companies to balance shareholder and customer interests stated that increasing customer service levels have negative effect on the profitability in the short run because of the increase in costs associated with the improvement of customer services but in the long run they do contribute to increase in market value reflecting long-term benefits from high levels of customer service. According to Freeman (1984) the stakeholder theory has been the mainstay of management research.

The nature of relationships between corporations and stakeholders was further evaluated to track new trends over a period of years. Burns and Stalker (1961) evaluated 20 UK companies and stated that external environments have an important impact on corporations. They further elaborated that if a company's external environment is stable, that company's management system tends to be highly regulated and on the other hand, if a company's external environment is unstable, the company's authority and responsibility tends to be ill-defined, in other words, controlled by the factors in the external environment.

RESEARCH METHODOLOGY

The nature of the study was qualitative. Descriptive cum Explorative Research approach was used to explore the current CSR practices of the managers in the Food Industry of Khyber Pakhtunkhwa. Descriptive type of research study was used to describe the characteristics of the businesses of the Khyber Pakhtunkhwa with respect to their efforts made towards implementation of the CSR strategies. Bickman and Rog (1998) suggested that descriptive studies can answer question such as "what is" or "what was".

The total 165 functional industrial units of the Food, Beverages and Tobacco sector was the population of the study. Data were collected from a sample of 40 industrial units through primary source by using the Interview schedule method. Close ended interview schedule questionnaire was addressed to the management of the industrial units. Sample size was selected through applying the Stratified Random Sampling technique (Lottery method) in such a way that each category in the Food, Beverage and Tobacco sector is proportionately represented in the sample according to the size of the category. Care was taken to involve firms from all the strata depending upon the functional efficiency and size of the food industry by using the following expression. Pandey and Verma (2008) used this formula while studying the sample allocation in different strata for impact evaluation.

$$n_i = nN_i/N$$

Table 1: Breakup of the Sample Size

Category of Food, Beverage & Tobacco Sector	Total Number of functional units in each category (Population)	Sample
i) Food (Flour mills and Sugar mills)	116	26
ii) Beverage (Cold storage and Mineral Water)	36	09
iii) Tobacco (Cigarette and tobacco curing)	13	05
	165	40

DATA ANALYSIS

For data analysis of this research the three-stage process proposed by Miles and Huberman (1994) was adopted. This three stages process consists of a) data reduction, b) data display, and c) conclusion forming and verification. Arthur (1999) and Sen (2011) used this technique for data analysis in their respective researches in Australia.

RESULTS AND DISCUSSIONS

I. Analysis of individual cases of the Sub-Stratum in each Stratum/Industrial Unit in the Food, Beverages and Tobacco/Strata Sector

The below table lists the main research questions developed in light of the research objectives, their corresponding interview questions and the outcomes of the respective research questions. The outcomes of each question elicited particular areas of interest of the researcher and the expected responses/behaviors of the management of the firms.

Table 2: Research Questions, corresponding interview questions and outcomes

Research Questions (RQ)	Interview Questions (IQ)	Outcomes
RQ1. What are the organizations' actions/efforts towards adaptation of CSR in Khyber Pakthuknwa?	IQ 1. Is there any personnel/section responsible to look into CSR initiatives in the organization? IQ 2. Does your organization have any budget allocation for the CSR activities in this year? IQ 3. Does your organization have any training program for the Management to practice CSR? IQ 4. How often does your organization perform CSR activities in a year? Permanent, periodical, once IQ 5. Can you name some of the social sector activities performed by your organization during the last year?	a) Actual practiced behavior of CSR

<p>RQ2. How effective the Firms' strategies are with respect to CSR and stakeholders' management?</p>	<p>IQ 6. Does your organization have any policy regarding CSR? (documentary view) IQ 7. Does Your Organization have any policy regarding stakeholders' Management? (documentary view) IQ 8. Does your organization have employees' benefit plan? (documentary view) IQ 9. How does your organization respond to the needs of the stakeholders? Any documentation? IQ 10. Is there any forum in your organization to communicate with the stakeholders? Notification will be required.</p>	<p>b) Formal or informal CSR & Stakeholders' Management Strategies</p>
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1. Stratum Food Industry

In this stratum a total of 05 sugar mills and 24 flour mills were studied on the two research questions regarding the practical efforts of industries for adaptation of CSR and the formal and informal CSR practices.

a) Actual practiced behavior of CSR

The management was judged on different actions leading towards practicing of CSR in the organizations. None of the firms were having an independent CSR department or unit. The Managers admin/HR was performing the CSR activities within the organizations. CSR was one of the many administrative and HR functions of the Top management. Most of the firms were regularly practicing CSR activities but these practices were on a smaller scale and were not having proper allocations for the CSR in their budget. These allocations for the CSR activities were ad-hoc, flexible and need based. CSR participation in the firms was mainly in the form of interest free loans to growers of their raw material, educational scholarships to the children of the employees, donations to charities and development of a community welfare school for free education of the poor people of the community.

b) Formal or Informal CSR and Stakeholders' Management Strategies

This section of the interview was regarding the documentary view of different important documents maintained by the firms related to CSR and Stakeholders' management strategies of the firms in order to ascertain whether the firms were having formal or informal CSR practices. Only few firms out of the 29 firms could produce documents related to CSR and stakeholders' management, while all other firms were practicing CSR informally. Only one firm had CSR strategy, budget allocation and plans to serve the society. Other firms could not produce the related documents. So no evidence for formal practicing of CSR activities or managing their stakeholders was found in that industry which ascertained the fact that CSR and related practices were informally practiced.

2. Stratum Beverages Industry

In this stratum a total of 09 beverage firms were studied for CSR practices

a) Actual practiced behavior of CSR

Since Management of the firms included in this category did not have clear idea of CSR, therefore as predicted there were no affirmative actions towards implementation of CSR in the firms. There were no separate CSR section

independent allocation of budget and any training program for the Management in CSR. The CSR practices were on a very smaller scale and on temporary basis. The most important and notable CSR practices of these firms were donations occasionally, charity and some financial support to the employees in need.

b) Formal or Informal CSR and Stakeholders' Management Strategies

The firms in this category did not have any written evidence or documentation regarding their CSR policies or stakeholders' management strategies. The Managers who were also owners of the firms were managing the CSR and stakeholders' dealing on need basis. There were no lists of important stakeholders available with them. Government was regarded as the most important stakeholder by them. There were also no standard operating procedures (SOPs) available for dealing with the complaints of the customers or even the observations of the employees within the firms. The management practices and actions seemed verbal and day to day basis depending upon the situation.

3. Stratum Tobacco Industry (L1-L5)

There were 05 firms analyzed in the tobacco industry in Khyber Pakhtunkhwa for their formal and informal CSR practices.

a) Actual practiced behavior of CSR

Two out of five tobacco firms i.e. 40% of the firms had independent CSR units, whereas, all the five firms had separate budget allocations for CSR activities as well as organized CSR trainings for the management. CSR practices were the permanent feature of these firms as they were regularly supporting the cause of the society. The employees' welfare programs and measures taken for health of the society were on top in their CSR activities. One of the firms had established a full-fledged general hospital for providing free of cost general health care to the poor of that area. This facility was being utilized by other people belonging to nearby districts of that particular district where this health facility was located. Other important CSR activities included donations to charity organizations, educational scholarships for the employees' children, interest free loans to the farmers/growers of the raw material, and provision of financial support to the IDPs and flood victims of the area.

b) Formal or Informal CSR and Stakeholders' Management Strategies

The firms had proper regulations for health and safety of the employees, environmental protection and regular programs for the welfare of the society. They were very concerned about their important stakeholders and had proper strategies for dealings with them. They had an independent section/unit in the name of Corporate Regulatory Authority (CORA) for permanent dealing with the important stakeholders. They had written procedures regarding how they will deal with the complaints and observations of different stakeholders including their employees. All this contributed towards their formal CSR practices and stakeholders' management strategies.

II. Cross-Case Data Analysis by Research

The review of the individual cases rendered a case-by-case understanding of each of the stratum of Food, Beverages and Tobacco sector concerning their CSR strategies. This analysis thus provided a foundation for undertaking a cross-case data analysis to derive

the emerging themes and further explore them in depth.

In this section, each research question was analyzed separately across all the cases. Main steps involved were reduction of data from the previous case results, coding where applicable and comparison of the relevant reduced data. Out of this, summaries or tables have been formed which provide the data related to the individual research questions. Further, this data was analyzed and interpreted to create a clear answer to each research question. These answers are transformed and listed as 'findings'. At the end, for each research question there is a summary of findings.

Findings with respect to Research Questions

RQ 1: What are the organizations' actions/efforts towards adaptation of CSR?

There were five interview questions asked from the management of the firms regarding the above research question. Purpose of the research question was to know the practical measures taken by the firms for formal CSR practices. The interview questions 1 asked whether the firms have independent CSR unit, the interview question 2 was regarding having a separate budget for CSR in the organization, and interview question 3 was regarding the training program in CSR for the management. All these interview questions related to the practical implementation of the CSR formally in the organizations. The interview question 4 was regarding the frequency of CSR events or activities being performed by the organizations in order to see the nature of CSR programs. Finally, interview question 5 was regarding what specific CSR activities were performed by the firms during the last year?

(a) Response to Interview Question 1, 2 and 3:

- i) Is there any personnel/section responsible to look after CSR initiatives in the organization?
- ii) Does your organization have any budget allocation for the CSR activities in a year?
- iii) Does your organization have any training program for the Management to practice CSR?

The below table shows the percentage of firms having independent CSR section, budget allocation and training program for CSR in each of the sub-stratum of the strata in Food and Beverages and stratum Tobacco of the research study:

Table 3: Percentage of firms having CSR Section, Budget allocation and training program

Stratum	Firms having independent CSR section/unit	Firms having independent CSR budget allocation	Firms having independent CSR Training program for Management
Sugar Mills	0	30%	20%
Flour Mills	0	23%	0
Cold Storage	0	0	0
Mineral Water	0	0	0
Tobacco	60%	100%	60%

From the above responses it can be seen that almost negligible percentage of firms had independent set ups for the CSR. There were some firms in the Tobacco industry which had independent section but even this unit was not fully functional and managed by the Sales and Admin management jointly. In all other firms CSR was being practiced as having informal and irregular set ups.

Finding 1: *CSR is an integrated function of Sales and Admin in the firms*

The situation regarding allocation of budgets for CSR activities was comparatively better as compared to having independent CSR unit or CSR regular training program for management in the firms. However, CSR activities were performed by most of on ad-hoc basis due to the non-allocation of dedicated budget allocations for this specific purpose in most of the firms.

Finding 2: *No independent budget for CSR is allocated by the firms*

The situation regarding the dedicated training program for the management was also not good. In fact, this program was closely associated with having a self-sufficient unit for CSR and separate budget for CSR activities, but since most of the firms were not having dedicated CSR units or budgets, therefore there was no dedicated training program in CSR for the management in most of the firms.

Finding 3: *Management of the firms was not imparted training in CSR*

All of the above mentioned three situations with regard to the non-availability of independent CSR section, allocation of budget and training program for management of the firms is the indication of the fact that CSR practices are ad-hoc in the firms.

Finding 4: *There are either no or at a very small level practical measures taken for formal adaptation of CSR by the firms.*

(b) Response to Interview Question 4:

How often does your organization perform CSR activities in a year?

The options given to them were a) permanent, b) periodical, c) once a year and d) none. The table below shows the responses of the firms:

Table 4: Frequency of CSR activities performed in a year

Sub-Stratum	Firms with regular CSR activities	Firms with Periodical CSR activities	Firms performing CSR activities once	Firms with no CSR activities
Sugar Mills	20%	80%	0	0
Flour Mills	5%	33%	48%	14%
Cold Storage	0	25%	75%	0
Mineral Water	0	67%	33%	0
Tobacco	80%	20%	0	0

The firms had a mixed response. Most of the firms were performing CSR activities periodically. There were a very small percentage of firms which were not involved in CSR activities. Only a good percentage of firms in the Tobacco sector were performing activities on some regular basis.

Finding 5: *CSR activities are performed periodically and on need basis*

(c) Response to Interview Question 5:

Can you name some of the social sector activities performed by your organization

during the last year?

The table below shows the different types of CSR activities performed by the firms in a year:

Table 5: Types of CSR activities performed in a year

CSR activities	Sugar Mills	Flour Mills	Cold Storage	Mineral Water	Tobacco	Total
Employees' welfare support	v	v	v	v	v	5
Support/Interests free loan to Farmers/Raw material providers	v				v	2
Support to Society educational development	v				v	2
Support to Flood Victims & IDPs					v	1
Supporting Supports activities					v	1
Supporting public health facilities		v			v	2
Donation/ charity	v	v	v	v		4
Support to Religious institutions			v			1

The main CSR activities performed by the firms were supporting the employees' welfare activities, donations, IDPs support, Support to widows and household women, support to society education, support to public health facilities, support to religious institutions, support to farmers (raw material providers), and support to sports events. Employees' welfare and donations were ranked as the top most CSR performed activities performed by the firms during a year.

Finding 6: 'Employees' welfare' and 'Donations/charity' are the main performed CSR activities.

Very few firms are supporting the society's educational and health development activities under their CSR, which is very important for the overall development of the society. Thus, the current CSR activities are going to have small impact on the overall development of the society.

Finding 7: Current CSR activities are having little impact on the overall development of the society

Finding 8: Most of the focus of the current CSR activities of the firms is on the primary stakeholders like employees' welfare and supporting the raw material providers.

(d) Summary of findings from RQ1:

Research Question 3: What are the organizations' actions/efforts towards adaptation of CSR?

Purpose of this question was to see the actual measures taken by the firms for the practical adaptation of the firms. Most of the firms were not having regular independent CSR units and the CSR activities were performed as an integrated function of the top management. Similarly there was small number of firms having some regular budget for performing CSR activities. All these factors were contributing towards non-permanent and need based performance of CSR by the firms. Most of the CSR activities were performed on small scale and mainly concentrated on offering small incentives to the

employees and their children. Donations and charity were some of the other noticeable CSR activities performed by the firms.

Table 5: Findings from Research Question 1

Finding 1	CSR is an integrated function of Sales and Admin in the firms.
Finding 2	No independent budget for CSR is allocated by the firms.
Finding 3	Management of the firms was not imparted training in CSR.
Finding 4	There are either no or at a very small level practical measures taken for formal adaptation of CSR by the firms.
Finding 5	CSR activities are performed periodically and on need basis
Finding 6	'Employees' welfare' and 'Donations/charity' are the main CSR activities performed by the firms.
Finding 7	Current CSR activities are having little impact on the overall development of the society
Finding 8	Most of the focus of the current CSR activities of the firms is on the primary stakeholders like employees' welfare and supporting the raw material providers.

RQ 2: How effective the Firms' strategies are with respect to CSR and the stakeholders' management (Documentary View)?

Aim of this research question was to review some of the important documents related to the CSR and the firms' policies concerning stakeholders' management. Interview questions 6 and 7 asked the firms regarding their CSR and stakeholders' management strategy documents. Interview question 8 asked the firms regarding their employees' benefit plan. Interview questions 9 and 10 were regarding the documents about how did the firms respond to the needs of the stakeholders and communicate with the stakeholders?

(a) Responses to Interview Questions 6, 7, 8, 9 and 10:

- i) Does your organization have any policy regarding CSR?
- ii) Does your organization have any policy regarding stakeholders' management?
- iii) Does your organization have any employees' benefit plan?
- iv) How does your organization respond to the needs of the stakeholders? (Any documentation)?
- v) Is there any forum in your organization to communicate with the stakeholders? (Any Notification?)

The management of the firms was asked to produce the above mentioned documents during the interview. Most of the firms did not have these documents neither these policies were formally written. The CSR and stakeholders' management practices were mostly verbal resulting into informal CSR and stakeholders' management strategies in these firms. The table 6 below shows the position of the firms with respect to their written policies:

Table 6: Percentage of firms w.r.t having CSR and stakeholders' management strategies

Sub-Stratum	Firms having written policy regarding CSR	Firms having written policy regarding stakeholders' management	Firms with employees' benefit plan	Firms with policy to respond to stakeholder s' needs	Firms with policy to communicate with the stakeholders

Sugar Mills	20%	0	80%	0	40%
Flour Mills	0	0	60%	0	0
Cold Storage	0	0	0	0	0
Mineral Water	25%	10%	50%	25%	35%
Tobacco	80%	50%	100%	80%	80%

Most of the firms did not have formal and written documentation of the important policies concerning CSR, management of their stakeholders and the employees' benefit plan.

Finding 1: *Firms have informal CSR practices and manage their stakeholders informally without having any written plan*

The situation of the firms was better with respect to having written employees' benefits plan. Most of the firms possessed the government's registration of the employees' social security and employees' pension (Employees Old Age Benefit Plan).

Finding 2: *Firms only have mandatory employees' benefit plan due to the compulsion of the government*

The firms in the Tobacco Sector had a good position with respect to their written policies about CSR and stakeholders' management. It was due to the fact that these firms had proper and permanent CSR establishments in their organizations and regular budgets for it.

Finding 3: *Firms that have permanent set up for CSR have written CSR and stakeholders' management strategies and thereby formal CSR practices*

(b) Summary of findings from RQ2:

Research Question 2: How effective the Firms' strategies are with respect to their CSR and the stakeholders' management strategies (Documentary View)?

The overall situation of the Food, Beverages and Tobacco industry was not satisfactory with regard to having written proof of the basic documents with regard to their CSR and stakeholders' management strategies. The only document that most of the firms had was the employees' benefit plan. Some of the firms mostly large scale firms in the Tobacco and Sugar industry which had some permanent CSR set ups were having CSR and stakeholders' management strategies. Table 7 below summarizes the findings for Research Question 2.

Table 7: Findings from Research Question 2

Finding 1	Firms have informal CSR practices and manage their stakeholders informally without having any written plan.
Finding 2	Firms have only mandatory employees' benefit plan due to the compulsion of the government.
Finding 3	Firms that have permanent set up for CSR have written CSR and stakeholders' management strategies and thereby formal CSR practices

DISCUSSION OF RESEARCH FINDINGS, RECOMMENDATIONS AND CONCLUSION

1. Discussion on Rq1

Research Question 1: What are the organizations' actions/efforts towards adaptation of

CSR?

Purpose of this research question to see whether the firms have permanent set ups for CSR i.e. having independent offices, HR and Budget for CSR. The important finding of this research question was that the CSR activities are informal, inconsistent and irregular due to lack of practical measures taken by the firms towards establishment of an independent and regular CSR unit in the firms. This resulted in practicing of CSR periodically or on need basis and on a small scale or micro level which had little impact on the overall development of the society. These findings of little impact are consistent with the findings of Swift and Zadek (2002) who said that the benefits of CSR at micro-level do not necessarily scale up to the macro-level. On the other hand the finding of less or no practical measures taken for permanent basing of CSR in these firms supports the findings of Visser et al. (2007) i.e. CSR is less formalized in terms of CSR benchmarks used in developing countries as compared to the developed nations.

The finding regarding the nature of CSR activities practiced in the firms studied under this research which are mostly concentrated on the firms' primary stakeholders i.e. employees and small donations/charity to the society are also closely related to the findings of Visser et al. (2007) that CSR is most commonly associated with philanthropy or charity in the developing nations.

DISCUSSION ON RQ2

Research Question 2: How effective the firms' strategies are with respect to their CSR and stakeholders' management (documentary view)?

Findings of the research in this regard were not very encouraging i.e. the firms did not have written CSR and stakeholders' management strategies except few large scale firms which had regular CSR set ups and thereby formal CSR practices. These findings are again consistent with the findings of Visser et al. (2007) regarding the CSR in developing countries that is 'Formal CSR is practiced only by large, high profile national and multinational companies having global status.

The only formal or written document had by the firms studied under this research was the 'employees' benefit plan' which is in line with the earlier findings of this research that the main focus of CSR activities of the firms in this research is around its primary stakeholders i.e. 'employees' welfare'.

Thus, the main finding of this research question was that most of the firms in this research had informal CSR practices. This research question has important practical implications as pointed by Russo A. and Tencati A. (2009) the implications of formal and informal CSR in micro, small, medium sized and large firms in Italy and concluded that formal CSR practices prevail in large firms and informal CSR strategies among micro, small and medium sized enterprises.

RECOMMENDATIONS AND CONCLUSION

- 1) Firms in order to practice CSR effectively need to have independent unit in large scale firms and sole manager in small and medium firms for effectively practicing of CSR.
- 2) Firms should allocate separate budget for the CSR activities in order to plan

and execute permanent society's welfare programs.

- 3) Firms need to run orientation and training programs for the management in CSR.
- 4) All of the above recommendations i.e. having permanent independent CSR unit, budget allocation and training program for CSR will ensure formal CSR practices on regular basis for the overall development of the society.
- 5) The firms need to have written CSR plans and stakeholders' management strategies for planning and executing CSR in a more professional way.
- 6) The role of Government is organizing the firms' CSR activities is very important. Therefore, firms and Govt. need to collaborate more effectively in order to improve the Govt. controls for the satisfaction of the firms and for the benefits of the employees and the society as a whole.

CONCLUSION

This study addressed the research problem related to the practical efforts taken by the firms for adaptation of CSR. Management was lacking the practical measures required for effective practicing of CSR. Most of the firms regarded practicing of CSR as their ethical responsibility. The main reason for low effect of CSR on the society was that the CSR activities were not coordinated and were being performed on irregular basis on a smaller scale. The lack of proper establishment of CSR in the firms in terms of independent CSR unit/office, allocation and training in CSR was the main reason for irregular and informal CSR activities in the firms causing a low impact on the overall development of the society. In conclusion, it is said that by and large CSR is practiced in most of the firms of Food, Beverages and Tobacco Sector in Khyber Pakhtunkhwa, Pakistan. But the CSR activities which are mostly related to the employees' welfare, donations and charity are un-regulated, un-registered and not recorded, thus presenting an informal state of practicing of CSR. The Government and the management of the firms can jointly play a major role in regularizing, registering and recording the CSR efforts in the Food, Beverages and Food industry in particular and all the firms in Khyber Pakhtunkhwa, Pakistan.

Implications of Research findings

1. Implications to the individual firms

The recommendations of this research will help the organizations to more effectively coordinate, integrate, and conduct the CSR activities in the society for the benefits of both the society and the firms themselves.

2. Implications to other competitive and non-competitive firms

All the firms have a common goal of helping the society under their obligations towards the society in CSR. Currently, their CSR efforts were not coordinated with the other competitive and non-competitive firms, the reason why there was concentration of CSR work on some specific areas and complete ignorance of some fields of the society. If the firms establish regular liaison between themselves on one common agenda 'society' welfare', it will not only give a positive direction to their CSR efforts but will also

the society by avoiding duplication of activities and resources.

3. Implications for the Government

The role of the government in organizing and revolutionizing the concept of CSR has been emphasized time and again in this research. The literature review also supports this recommendation of the research as Bibhu Prasad Mohanty (2013) discussed the transformation of social responsibility of corporate firms from voluntary to statutory condition and concluded that the Indian Government is now instructing the companies apart from practicing philanthropic activities in terms of religious activities like giving to needy; they should also be involved in development of ethical, social and economic wellbeing of the communities around the corporate bodies. The recommendations of this research see some more role of the government i.e. in addition to giving instructions to the firms for their CSR practices, the government need to support the firms to provide guidelines for effective CSR coordinate their efforts and support the training programs for their management in CSR.

4. Implications for the Management/Policy Makers

The findings and results of this research will have important implications for the managers of the firms. The top management of the firms has to make important policies and decisions. The findings of this research indicated weak policy making efforts by the management with regard to their CSR practices. It was recommended that the management need to plan more effectively for their CSR related matters. The recommendations will help the management to make written policies for their CSR efforts in order to be more effective in their implementation for the benefits of the firms and the society.

5. Implications for the Society

In the above paragraphs, the implications of this research finding were discussed for each of the individual stakeholders for effective CSR practices. When all these efforts are combined together, it will have a joint overwhelming impact on the welfare of the society. The findings of this research suggest that the current CSR practices are not having considerable impact on the overall development of the society due to the mismanagement and dis-integration of the CSR practices. When the firms have well coordinated and integrated CSR efforts coupled with proper and formal stakeholders' management strategies, it will produce a very positive impact on the overall welfare of the society. It will serve the purpose of the both as businesses exist for the society and the society exists for the businesses. Businesses have an important role to play for the development of the society and only a developed and prosperous society can provide more business to the firms.

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