STUDY ON ECONOMIC ACTORS' SOCIETAL RESPONSIBILITY

Research Report on the Situation in Asia

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Origin of CSR

There are many definitions of CSR and one of the definitions is "An economic actor's involvement in social action (including environmental), which is beyond companies' legal requirements" [1]

The key issue is that in its basic sense, CSR explores the relationship between businesses (individually and collectively) and the community.

Although CSR is the form that is understood in the west is relatively new in Asia, the relationship between businesses and the community has always been an important facet of social structures. In some part, Asian countries have long had religious--based societal organizations [1] that have often had strong patronage from businesses.

The much maligned and notorious caste system among the Hindus in India, in its basic form was possibly just a division of labor, where society was divided into four groups – one to study scriptures and acquire knowledge, one to trade within and outside the community, one to defend the community and the last to do manual work. This was particularly relevant

before the advent of money, as we understand it. It was understood that the business caste group would earn all the money needed for the community and effectively fund all the other needs of the community. Even now, businesses do fund, as a principle, various social causes. Philanthropic businessmen have funded many of the educational institutions, hospitals and religious institutions in India.

Similarly the paper Social Responsibility of the Corporate Sector, by Datuk Dr. Syed Othman Alhabshi, Deputy Director General, Institute of Islamic Understanding Malaysia, (IKIM) explores the relationship between the businesses and the community in religious scriptures [2]

Hence there has been a strong traditional link between business and society.

The issue of CSR as it is now understood has emerged only in the early 1990s. The process in Asia was introduced by the advent of many companies from the west that entered Asia to trade or set up manufacturing bases. The CSR movement in the west was possibly fuelled by civil society, which stimulates CSR by generating greater societal demands and expectations of business responsibility. This might have also motivated Asian companies (particularly the large ones that desired trade with the west) to appear socially responsible.

It is also important to understand the pattern of "industry" in Asia. Contrary to the west where there are very large companies that constitute the major part of 'industry' in Asia small businesses play a very significant role in the economies. Table 1 below would be illustrative.

Table 1

Indicators of SMEs in Selected Economies in the Mid 1990s [3]

Country	As % of total enterprises	% Share in Employment	% Contribution to GDP	% Share in total exports
Japan (1994)	99.0 (excl. primary industry)	78.0	56.0 (of total value-added in mfg. Sector)	14
Korea, Rep. Of (1996)	99.1	78.5		42
Taiwan	97.8	81.1		56

Prov. Of China (1994)				
People's Republic of China	98	70 (mfg. Only)		40-60
Indonesia	97	42		10.6
Thailand	98	n.a.		10
Malaysia	96	40		15
Philippines	99	45	28% of mfg. Value added	20
Singapore	89	42		16
Vietnam	83	67		20

Unless the smaller companies are induced to be socially responsible, the CSR movement will not have the desired impact.

More recently Socially Responsible Investment sources have also been active in Asia. For example, two years ago, Japan had just two SRI funds. Now, however, the country boasts eleven funds, with projections of a fivefold increase over the next two years. [4]

Institutional context

To understand the issue of the institutional context, it is necessary to discuss the motivations for CSR.

Motivation for CSR

In the context of Asia, it may be relevant to ask the question "why CSR". The motivation for companies to adopt CSR practices varies over different countries and cultures, but we could broadly classify some possible motivations for CSR, that could be found in Asia.

Market driven CSR:

The demand that the consumer or the buyer makes on the company is one very strong motivation for companies to be responsible or at least, appear to be so. In most parts of Asia, particularly the less wealthy parts of the continent, there does not appear to be any strong demand from the

consumer on the companies to be responsible. For example, company's sales or stock market ratings may not be greatly affected if the company does not exhibit responsible actions. This is very unlike the Western nations. However, there is pressure on Asian companies from their buyers in Europe and the US to appear responsible, else they could lose business. One strong example was provided in discussions with H & M, which urges their suppliers to follow universally accepted practices and monitors the actions of the suppliers.

Typically such companies that are "forced" to follow CSR practices certainly appear to opt for labels and subscribe to standards, so that their business with their western buyers is not affected. Also they involve themselves in "socially responsible actions" as perceived by the "buyers", even if it is not of critical importance in the local context. It is not enough for them to be socially responsible but also to appear to be so.

Demand of local situations:

During periods of crises, particularly natural disasters, often society expects the companies to play a part and often the companies do involve themselves in bringing relief to affected persons particularly in poor countries, where the government does not have the required systems in place. There are many instances of such actions by companies, particularly in the poorer countries such a Bangla Desh, Maldives, Sri Lanka and India, where the companies have been involved in or funded relief works during periods of natural disasters. Such actions are often one off and not part of any overall long-term strategy of the economic actors.

Intrinsic urge to be involved in social issues

Many companies and indeed, other economic actions as well, appear to have an intrinsic urge to be involved in the societies that they operate in and are not driven by any external motivations. These actors are perceptive to local needs and involve themselves in societal issues and that immediately relevant. Such actors may not be particularly keen on subscribing to labels and standards, as they have nothing to gain from it. Their societal engagement is with issues that are paramount in the local context.

Government intervention

Unlike in Europe, in Asia, government's interventions in CSR have been minimal. There have been stray instances where the government agencies have developed codes of conduct for the businesses to follow. In India the Central Pollution Control Board has issued a "Charter on Corporate

Responsibility for Environmental Protection (CREP)", which gives very detailed norms for environmental correct behavior by different industry segments. This appears more an extension of the existing laws.

Norms, Standards & Labels

There are numerous obstacles to achieving corporate responsibility, particularly in many developing countries where the institutions, standards and appeals system, which give life to CSR in North America and Europe, are relatively weak. [5]

The issue of labels could be viewed from the perspective of state laws that govern corporate behaviors in the different countries, broad goals specified in the guidelines issued by the international institutions, standards developed in the west and standards and labels developed in Asia.

From all the literature there does not appear to be any standard or label specifically developed in Asia that targets corporate behavior. The local laws in each country may apply to specific aspects such as environmental protection.

Several auditing firms, such as Bureau Veritas Quality International, now provide SA8000 social accountability auditing in many countries in Asia to monitor compliance with corporate codes of conduct and ILO and international human rights standards. Contacts established with a list of companies in India that were subscribing to SA 8000 standards showed that most of them were SMEs (small & medium enterprises) involved in exports of textiles and other products and it was required by the buyer (mostly from Europe) that they subscribe to SA 8000. Otherwise they did not appear to have any specific long-term CSR strategy.

There does not appear to be any Asia specific label. To generate such a label was one of the significant goals of the Asian Coalition for SME Development that was spearheaded by Ben Quinones and supported by the FPH, among others.

In the last few years, in some of the countries, companies have started reporting on CSR. In some of the countries, among the larger companies there is some awareness of the following global initiatives:

- The Global Compact
- ILO Conventions on Core Labor Standards
- OECD Guidelines for Multinational Enterprises
- Global Reporting Initiative (GRI)

- Social Accountability 8000
- ISO 14000 series

Most importantly, as mentioned earlier, there does not appear to be an Asia-specific label.

North South Relations & CSR

Although the terms "north" and "south" may not be really relevant in the context of Asia, most of which is technically in the northern hemisphere, the words in this context refer to developed and developing economies.

From all accounts, the recent surge of interest in CSR among companies in Asia appears to be driven from "Northern" influences. Either it is an Asian multinational that is conscious of its image in its "Northern" markets/ investor base, or a "northern" multinational having facilities in Asia or an Asian company that is persuaded by its buyers in the developed countries to adopt internationally acceptable norms of good and fair conduct of its business. In this manner, it could be said that this process should improve north-south relations.

However, the issue has to be seen in the larger context. The criteria for CSR have to include issues that involve the use of local resources by the "northern" companies and fair compensation to local communities for the use of such resources. This could mean prevention of over-exploitation of the forest and mineral resources of South America or Africa, the over use of local water resources in water short regions of Asia (Example, Coca Cola, Thailand, India)

It may be necessary to evolve some internationally acceptable norms and ethics to take these factors into account as this has been a very hotly debated issue in many parts of the world.

Perceptions of CSR

CSR is understood in many different ways in Asia. Since the issues of CSR and Corporate Governance gained currency around the same time in the early nineties, there is a fair amount of overlap between the two issues. CSR is all encompassing, as it concerns issues dealing with the internal

environment or governance (workers issues, following government regulations, environment, production processes etc), the immediate external environment or responsible management (fair and transparent interactions with customers, suppliers, waste management etc) and for dealing with the completely external environment or outreach (programs that do not have any immediate relevance to their business). This could be depicted as in Figure 1

The perceptions of what are important issues in the local context depend on a host of local issues. For example, in many Asian countries, where corruption is rampant it may be necessary to lay emphasis on governance issues as a core CSR component. Table 2 displays a very interesting picture where the corruption level in a country and the CSR penetration has been shown [1]. The peculiar pattern is that the country having the highest CSR penetration is also the highest in the corruption ranking.

Figure 1

Table 2

CSR and Governance				
	% CSR Penetration	**Corruption Perception Ranking***	**Need for bribes perception#**	**Opacity Index+**
India	72	71	Na	64
South Korea	52	42	3.4	73
Thailand	42	61	Na	67
Singapore	38	4	5.7	29
Malaysia	32	36	3.9	Na
The Philippines	30	65	Na	Na
Indonesia	24	88	Na	75

Hodess et al 2001

* Corruption perception ranks from 1to 91: the higher the number the lower the ranking
# On a scale from 1 (high likelihood of bribes to win business) to 10 (low likelihood)
+ Opacity of costs and availability of capital from 1 (high opacity) to 150 (low)

It may be important to address the issue of how a company or any other entity designs their social involvement programs. How are issues selected for action and how are priorities established**?**

In the case of institutions that are seeking a label, the decision is obviously based on the criteria established by the institution granting the label. If the institution granting the label is based in another country, it is essential that the agency suit the criteria to include local issues and set priorities accordingly.

Many of the institutions, particularly NGOs, often take up issues that are important in the west but are of low priority in a specific country. Often, the NGO does not have a choice of issues to address as they are constrained by the agenda of the parent / sponsoring institution in the west, which often funds the local NGOs?

Also many companies that do not seek a label appear to be led by some personal experiences or by some personal perception of what is important.

This is not altogether correct as the company is owned by stockholders and the manager only a trustee. A broader consensus and a system of identifying areas for involvement are required.

Possibly a more systematic attempt has to be initiated that can identify issues of importance in local communities. The areas for action and the priorities have to be identified through a process of consultation including the various stakeholders involved – the company, the local government, NGOs, Citizens etc. This alone would ensure that important local issues do not get totally neglected in favor of esoteric issues that are irrelevant in local cultures.

Also, a sincere attempt has to be made to involve the large number of SMEs that play a very significant role in many Asian countries. At least an effort has to be made to get the SME operators to introspect and make them aware of their social responsibilities.

A questionnaire was developed by the Asian Coalition, based on a note by Mr. Pierre Calame of the FPH that was meant to be administered to the SMEs. Although the project itself did not progress as expected, the questionnaire provides an exhaustive list of issues that could be included in a questionnaire for industries. This is given as an appendix.

Involvement of Companies in Different Forms Of CSR

A recent survey conducted of 50 top companies in each of 14 countries in Asia (Table 2) came up with some interesting findings [1]. It must be mentioned that this survey covered only the top 50 companies in each country and cannot be extrapolated as a pattern all over Asia. However this provides a pointer.

Moon [6] distinguishes three 'waves' of CSR: 'community involvement', 'socially responsible production processes' and 'socially responsible employee relations'. Community involvement refers to the traditional assumption about CSR, that it is removed from the main business activity and outside the firm. Although this is often assumed to refer only to philanthropy, in the last few decades there have been much more engaged forms of community involvement through partnerships, sponsorships and even strategic alliances with governmental and community organizations. The patterns of the "waves" in a few countries in Asia are shown in Table 3 and 4 below

National Profiles of CSR Reporting			
Country	**Waves**	**Most Frequent Issues**	**Main Modes**
India	Community Involvement	Community development education and training, health and disability	Philanthropy Partnerships
	Products & Processes	Environment, health and safety	Codes
	Employee Relations	Employee welfare	Sponsorship Codes
South Korea	Community Involvement	Environment and conservation, education welfare	Philanthropy
	Products & Processes	Environment	Codes
	Employee Relations	Employee welfare; employee engagement	Philanthropy
Thailand	Community Involvement	Education & training environment & conservation, arts, youth	Philanthropy, foundations
	Products & Processes	Environment	Codes
	Employee Relations		Philanthropy
Singapore	Community Involvement	Education & training: health & disability; welfare	
	Products & Processes	Environment	Codes
	Employee Relations	Employee welfare	Philanthropy
Malaysia	Community Involvement	Environment & conservation, education & training welfare	

	Products & Processes	Environment	Codes
	Employee Relations	Employee welfare	Philanthropy, foundations
The Philippines	Community Involvement	Environment & conservation; education & training; community development	
	Products & Processes		
	Employee Relations		
Indonesia	Community Involvement	Agriculture & local economic development; community development; religious organizations	
	Products & Processes	Environment	Codes Voluntary
	Employee Relations	Employee welfare: employee engagement	Volunteering, Sponsorship, Philanthropy

Table 3

National Waves of CSR			
	Community Involvement	**Production Processes**	**Employee Relations**	*Coverage*
India	66.7%	58.3%	30.6%	***51.86%***
South Korea	42.3%	53.8%	11.5%	***35.8%***
Thailand	71.4%	19.0%	9.5%	***33.3%***
Singapore	47.4%	10.5%	21.1%	***26.3%***
Malaysia	68.8%	50.0%	18.8%	***45.86%***

The Philippines	71.4%	28.6%	0.0%	*33.3%*
Indonesia	27.3%	27.3%	27.3%	*27.3%*
Seven Country Mean	*59.0%*	*38.9%*	*18.1%*	*38.6%*

Table 4

Note: The percentages refer to companies involved in different forms of CSR. Total exceeds 100 as many companies report multiple initiatives.

Involvement of the Different Actors

Many of the large **companies** could have elaborate CSR programs that they execute without the support of any NGOs or the government. This is very common. In the case studies included, many of the cases are those that have been undertaken by companies without any external support. An example of this is the case of the Indian company ITC Ltd., in India (case study included).

Alternately, groups of **businesses** set up an organization and take social initiatives - Such as the case of the Philippine Business for Social Progress, which was founded by 50 leading corporations or the Japan Business Federation (case study included)

Very often, the **civil society** encourages companies to get involved in social programs. This is also quite common, as often the civil society needs funding for such programs. The Thai Business Initiative for Rural Development (TBIRD) was set up by the Community Development Association as a means to directly involve corporations in social development. Over 100 Thai companies adopt villages and with the help of the TBIRD, organize village level projects that span the entire range of social development possibilities based on a joint TBIRD-community-company assessment. A similar case of the Corporate Club in Thailand, an initiative of the WWF, is included as a case study.

Typically all that a **government** does is assumed to be socially responsible. However when we are discussing the involvement of the government agencies in CSR, we need to look at specific steps taken by a government to involve other economic actors for the betterment of society. The case study

of the Bangalore Agenda Task Force in Bangalore, India, is very illustrative of such an action (included as a case study).

Some of government's action could also include building processes that encourage a dialogue with citizens before taking any major action. For example, in India, before a major manufacturing facility is established, a process of public hearings has been established. This ensures that the citizens, the company and the concerned government agencies enter into a dialogue about any apprehensions about the setting up of a manufacturing facility.

No references are available from Asia of the involvement of Trade Unions in actions that are beyond their known charter of protecting their members.

Role of Dialogue

As is obvious from the information available, there is a great deal of diversity in the way Social Responsibility is perceived in the different countries in Asia. This by itself should give a pointer that a process involving a dialogue (as in the BATF case) is essential even to clearly identify issues where the economic actors should concentrate for maximum benefit to society. It may not be possible to have a universal agenda for economic actors, which is valid all over the world. The programs may need to be tailored to the requirements of each community through a process of dialogue. Again, a process of dialogue is essential for economic actors to evaluate how well their actions are being perceived as well as the civil society to maximize the benefit of the programs to the citizens. Most of the case studies that have been detailed in this report exemplify some possible form of dialogue among various actors. The nature of such a dialogue might depend on the local situations such as the level of economic development, the nature of government etc.

Context

The Asian region is also very varied in its level of affluence and it is important to understand the perception of CSR and its relationship with the level of prosperity, development of the different countries and local cultures. Table 5 gives a comparative picture of the level of development of the different countries in the region [7].

Table 5

Country	GDP/Capita US $	Education Index	% Age earning less than 1$ /day	Population In millions 1999	Human Development Index Rank
Japan	24 898	0.93	Nil	126.80	9
Singapore	20 767	0.87	Nil	3.90	26
China	3 617	0.80	18	1264.80	87
Philippines	3 805	0.91	Nil	74.20	70
Thailand	6 132	0.84	< 2	62	66
Malaysia	8 209	0.80	Nil	21.80	56
Indonesia	2 857	0.79	7.7	209.30	102
Sri Lanka	3 279	0.84	6	18.70	81
Maldives	4 423	0.90	Nil	0.30	77
Bangla Desh	1 483	0.39	29.1	134.60	132
Pakistan	1 834	0.43	31	137.60	127
India	2248	0.56	44	992.70	115

It may be hypothesized that the lower the level of development, the greater the perceived need for participation of businesses in community development as part of their CSR. Effectively the business is called upon to fill in, when the government fails in its duties.

Since the region is so varied, it is considered important to describe the region to understand the specific relevance of CSR in these countries:

Overview of the Region & Country Notes:

 This is the most populous part of the world. Home to more than 3 billion people!

 The variety of economies varies from the very poor countries such as India and Bangladesh to the very rich countries such as Japan and Singapore; Small nations like the Maldives to very large countries such as China and India.

 The region is rapidly industrializing.

 Levels of consumption of the local populations are rapidly rising, fuelled by population growth, prosperity and rising aspirations.

 Many of the large companies in the west are outsourcing their production activities in this region. China has become the workshop of the world

 The poorer parts of the region (the Indian sub-continent) are characterized by the millions of small and cottage sector companies contributing a major share of the production activity

 Law enforcement in some of the poorer countries (particularly in South Asia) is weak

 Social consciousness in some of the poorer countries is weak

The region could be generally divided into some segments for study.

Japan and Singapore	The Developed Asia
China	Rapidly developing and the only large communist nation in the region (all the others have some form of democracy, other than N. Korea)
Malaysia and Indonesia	The relatively more prosperous countries/ ASEAN Islamic (Mid-range)

Philippines & Thailand   The densely populated fast developing ASEAN countries
Sri Lanka & Maldives   The Small Island nations
India, Pakistan, Bangla Desh The Indian Sub-continent or South Asia
The Middle East   Mostly Oil Rich, Arab/ Islamic Countries

The reason for this division is to understand the perception and the motivation for CSR in the different countries, depending on the level of development, prosperity and on the system of government.

Japan

Some of the largest multinational companies in the world are based here. Since the large companies have a worldview and operate in many parts of the world, they insist on having an elaborate and high standard of social consciousness. They follow CSR practices that are internationally acceptable. It is critically important for these companies to be perceived as responsible as their largest markets are in North America and Europe, where the markets are apparently very conscious of the actions of companies. The CSR program of a company like Sony Corporation, for example, would be comparable to the best in the world and would be universally acceptable.

Singapore

Like Japan, Singapore is a relatively rich country and the pattern of industry and the attitudes are similar to that in Europe and the USA. Interest and recognition of corporate social responsibility as an important part of business behavior has increased in Singapore in the last few years. A survey of University of Hong Kong shows that Singapore companies have high incidence of CSR policies. More companies than anywhere else (57% of those in Singapore) have a code of conduct on ethics, including bribery and corruption [8]. In addition, 100% of the respondents in the study from Singapore have policies on the inspection of suppliers' facilities for health, safety and environmental aspects. Fifty percent of Singapore respondents (much higher than any other country) have policies on fair trade, equitable trade and end-price auditing. And 85% of Singaporean respondents, a higher percentage of companies than anywhere else, claim to have a policy on labor standards adopted by suppliers in developing countries.

The drivers of this interest in CSR in Singapore are varied and include
- The government's Remake Singapore movement has encouraged reexamination of the role, rights and responsibilities of civil society, NGOs and business in society.
- The ratification of four related core ILO Conventions by the government.
- The recognition by the government to arm consumers with protection against unscrupulous businesses re -the proposed Consumer Protection (Fair Trading) Bill slated to be passed into law later this year.
- Consumers' body like CASE has stepped up its educational drive by jointly organizing business forums with the business community on the impending Fair Trading Act.
- The launch this year of the Center for Corporate Social Responsibility (CSSR) a non-profit CSR network for companies. It was formed by a group of like- minded, civic conscious professionals with intent of promoting and addressing CSR issues.

China

China is becoming the "workshop of the world," there is increasing pressure on multinationals and their suppliers' ethical performance. It is believed that multinationals have started many meaningful attempts to improve labor conditions in their supply chain in China, and it is believed that these attempts have generated some positive effect.

The issue of CSR in China presents a paradox. On the one hand, multinationals seek to respond to external pressure by means of promoting codes of conduct; on the other hand, market competition forces companies to reduce operation costs even further. It's fair to say that the pioneering efforts of a small number of multinationals indeed greatly contributed to the improvement of labor rights in China. However, companies do not have much local public pressure, particularly domestic Chinese enterprises have not realized the need to take any proactive action [9].

Going by available literature, the perception of CSR in China appears to focus on working conditions, occupational health and labor rights.

However, there are cases of multinational companies, undertaking social projects not directly connected with their respective businesses in China. The project of Dow Chemicals where the company is supporting an innovative project in Beijing to promote environmental education among children, and also to raise funds for schools and libraries in poor areas of China, is widely reported.

Philippines & Thailand

Philippines and Thailand are highly populated countries that are fast developing. The concept of CSR is fast gaining importance in Business circles, which feel the need to intervene in many social issues.

In the 1970s, during the social unrest period in the Philippines and prior to the declaration of martial law, the Philippine Business for Social Progress (PBSP) was founded by 50 leading corporations, who saw the need to pool resources to "do something about development" in the face of worsening political and economic situation. By pledging to put aside one per cent of net income before taxes (and place 60 per cent of that amount to be managed by a professional corps of social development workers), a substantial amount of funds were aggregated and used as development capital for a range of social development programs targeting the Philippine poor. In 2001, PBSP had over 180 corporate members, many of them have their own development foundations and look to PBSP as a consultant in the management of their own in-house community relations (comrel) programs [10].

A Corporate Club has been formed in Thailand as a Corporate Membership Program, open to all companies who are interested in supporting WWF's (World Wildlife Fund) work in Thailand (case study included). The WWF projects are not in any way connected with the businesses of any of the companies that support these programs.

Malaysia & Indonesia

With the political turmoil in Indonesia over the last few years, companies began to realize that concern for the community is of utmost importance for their survival. The term community development took a new meaning after it was understood that the obligation to take care of the community is not limited to Government's actions alone, but is also the responsibility of business as well [11]

A number of companies in Indonesia took steps to alleviate the burden of the poor by encouraging them to become small entrepreneurs by providing them with financial and technical assistance.

KADIN, the Indonesian Chamber of Commerce and Industry, has recently taken the initiative to launch a campaign against bribery, which is rampant in the country and hurting business in many aspects, not the least in terms of cost competitiveness.

Again, the perception of CSR extends to community concerns far beyond workers welfare and other business processes of the companies.

Sri Lanka & Maldives

Often, during periods of crises or disasters, the community has looked to the companies for assistance and they have obliged. Other than this, many of the companies have set up trust funds for community service, where the company and the employees contribute towards community programs. Some others just donate money for social causes.

These island states have become conscious about global environmental impacts. Their fears of rising sea levels and soil erosion have been widespread and companies have tended to undertake projects that stem the deterioration of the local environment. Banyan Tree was a chain of resort that undertook programs in this direction (case study included). There are also some literatures on companies' involvement in disaster relief efforts (such as the recent Tsunami).

Bangla Desh

This is an extremely over populated and poor country. The country is ranked 132 in the Human Development Index of the UNDP. In recent times, large natural gas deposits have been found and the country could industrialize rapidly.

From available literature the Industry in Bangla Desh does not appear to have much interest in CSR except for some stray initiatives [12]. For example, The Foreign Industry Chamber of Commerce and Industry (an industry body) has contributed to the various program of the UNAIDS

Some companies have established NGOs and involve themselves in community programs through them. The company SAHCO International Limited, for example, has established a social development unit for managing welfare activities in the community. This unit, SAHCO Development Center, is involved in a broad range of social activity such as education, vocational skill development and emergency relief when required.

From the literature available, the perception of CSR in Bangla Desh appears to be for businesses to involve themselves in programs outside the normal businesses of the company.

Pakistan

As per the report of the Employers' Federation of Pakistan, "Pakistan, in spite of the large number of multinationals, is still lagging behind in terms of the Corporate Social Responsibility particularly in terms of social uplift, economic growth, generating employment and reducing poverty. However there appear to have been only stray initiatives that merit study. The CPLC Pakistan (Citizen- Police Liaison Committee) is a good example of business involvement in an important part of life in Karachi – the policing system (case study included).

India

India has had a long history of corporate charity. Businesses traditionally have contributed to social causes such as education, health and religion. CSR as a concept however is relatively new and companies have been conscious of the concepts of corporate governance and corporate social responsibility only in recent years. Some of the companies have started reporting on their socially relevant activities. There is no institutional structure to CSR. The Confederation of Indian Industry, the prime industry institution that has most of large companies as members, monitors and reports on the CSR activities of companies. One of the leading management schools, Indian Institute of Management in Bangalore has recently started a special cell for CSR.

The Middle East:

There do not appear to be specific case studies available from this region involving local entities, although many multinational companies have been active in involving the private sector in dialogues.

One of the notable initiatives is the Corporate Responsibility Forum, which is a part of the International Business Leaders Forum. Although this Forum originated in Egypt, it has a strong presence in Turkey and is now extending into many other countries in the region.

What is significant is that the Forum has identified specific regional priority action areas for CSR, which are:

- youth enterprise and education
- human rights and security
- civil society and social cohesion
- enterprise and economic development

This is one of the few instances in Asia, where an institution has specifically identified local issues to focus CSR efforts.

Case Studies

A multitude of cases were studied and ten have been chosen for presentation. These have been outlined in the following pages. An attempt has been made to include case studies that:

- Represent local concerns and those reflect the varied perspectives of CSR

- Involve collective action by two or more stakeholders

- Involve actions by local economic entities and not just multinational institutions

Methodology

By and large, the base data for the case studies has been obtained by researching though the Internet as well as specialized libraries. Contact was established with some of the protagonists in the case studies to ratify the information obtained from secondary sources and to get some further information that was not easily available. A process of exchanging information is still on with some of the companies.

Case Study 1: Japan: Nippon Keidanren - Japan Business Federation [13]

Promoter Profile:

Japan Business Federation is a comprehensive economic organization formed in May 2002 by amalgamation of Keidanren (Japan Federation of Economic Organizations) and Nikkeiren (Japan Federation of Employers' Associations).

Social Responsibility Approach

The JBF uses its position as the preeminent industries' organization to promote CSR practices among its members.

To promote ethical behavior, JBF adopted the Charter for Good Corporate Behavior that also provides Implementation Guideline to its member companies. The JBF works to promote the Charter among its members.

The Federation is also working on further promotion of corporate philanthropic activities.

Motivating Factors

The major motivation for the JBF appears to be the realization that the concept of corporate globalization has taken a broader dimension and it is important for companies operating globally to be seen as responsible.

An impetus has also come from the coming into force of the Product Liability Law and the amendments to the Commercial Code in connection with the shareholders' representative litigation system that requires corporations to strengthen self-responsibility and further enhance transparency.

Quantitative Data

Its membership of 1,623 is comprised of 1,306 companies including 91 foreign ownership, 129 industrial associations, and 47 regional employers' associations.

Stakeholder Participation

The implementation guideline that have been issued by the JBF discuss at great length about the need for a dialogue with the concerned stakeholders.

To quote from the Charter:

- Member shall strive to promote communication with shareholders and investors through shareholder meetings and investor-relations activities.
- Member shall disclose corporate information to stakeholders in an appropriate and timely manner.

 Member shall promote two-way communication with society through public relations and community-relations activities.

Requirements for Smooth Functioning

The JBF is taking a proactive role in promoting good practices. It is still the responsibility of the individual companies to implement the Charter. Hence the level of involvement of the companies is critical. This could be influenced by other factors such as the individual company's own philosophy, the requirements of the markets etc.

Assessment of the Approach (Strengths/Weaknesses)

The JBF has taken the initiative and taken a major step in promoting the Charter. Considering that the Charter is promoted by the JBF, which is a leading institution, it has a major impact on corporate behavior and it bound to be taken seriously.

Often, the industry representative forums are a body that lobbies with the governments to promote the interests of the industry. The focus of the representative bodies is often just commerce and everything else takes a back seat. This could be seen as a weakness of the Charter, although the fact that the JBF has taken the task of promoting such a comprehensive Charter needs to be appreciated. There does not also appear to be any special effort to involve the small and medium enterprises.

Case Study 2: China: Impactt Overtime Project: Working in Partnership to Build The Business Case for Reducing Overtime in China [14]

Promoter Profile

Impactt, a UK based ethical consulting organisation specialising in supply chains, has convened the project, designed the methodology and is working in partnership with Chinese institutions including The Guang Dong Academy of Social Sciences, Institute of Sociology and Population Research: The Hong Kong Productivity Council, The Centre for Community Development Studies, Yunnan, All China Women's Federation, Guangdong Labour Bureau office of the Labor Department, The Guangdong PDA Network.

Social Responsibility Approach

Impactt has convened a group of purchasing companies including Debenhams, Pentland Brands - Ellesse, Hennes & Mauritz (H &M), Ikea, Lambert Howarth, Marks & Spencer, New Look and Next - to work together with local Chinese organizations to help supplier factories find ways of reducing excessive overtime working while maintaining appropriate wage levels. It was clear that asking factories to cut overtime, without addressing the causes of long working hours would reduce workers' wages and cause workers to leave the factory. The project, carried out in a few select factories in China, aims to tackle some of the underlying factors which drive high levels of overtime by providing technical assistance on productivity, human resources management and improving management/labor relations in order to reduce the need for long overtime hours, without dramatically cutting wages.

The objectives are to:

- Reduce overtime
- Give workers a choice about whether they work overtime, and how many hours they work

 Ensure that workers are paid the correct overtime premium by improving efficiency, human resource management and communication between management, supervisors and workers.

The Methodology adopted was to bring together a team of experts to run communication workshops in each factory.

The team spent one week in each factory, meeting with management, supervisors and workers and

1. Understood the problems which management has with overtime, worker turnover, productivity, worker illness and related issues.

2. Discussed workers' perceptions of the problems of overtime, worker turnover, productivity, illness and any other related issue which these groups think are important

3. Understood how the problems affect different groups of supervisors/workers

4. Listened to workers' and supervisors' suggestions for tackling the problems

5. Negotiated between the different groups to come up with agreed solutions to some of the problems

Motivating Factors

In the context of China, there is increasing pressure on multinationals and their suppliers' ethical performance. On the one hand, multinationals seek to respond to external pressure by means of promoting codes of conduct; on the other hand, market competition forces companies to reduce operation costs even further. A dialogue-based approach was required to find a solution to the problem of excessive overtime work of the workforce. The root of the problem identified was that communication between management, supervisors and workers tends to be poor.

According to company sources, the demand for the project came from their European customers, high street retailers, who realised this was a big issue and wanted to work towards finding a solution. Impactt developed the proposal and methodology and convened the group.

Quantitative Data

The key findings include:

- Inverse relation between productivity and hours - when hours increase, productivity falls
- If hours are cut without productivity increases then wages fall
- Commitment and capacity of factory management decisive
- Commitment of purchaser/agent decisive
- Model works best when negotiated by all parties rather than imposed
   Reworking has reduced significantly in 4 out of 5 factories
- Productivity has increased by between 23 and 78% in all factories.
- Hours have been reduced to near or below legal limits in all factories. The most successful factories have been able to reduce hours by between 20% and 37%.
- Wages have increased in 4 out of 5 factories.

Stakeholder Participation

The methodology involved ensuring stakeholder participation.

- The Guang Dong Academy of Social Sciences, Institute of Sociology and Population Research was responsible for worker interviews during the different phases of the project and participated in consultative exercises with workers and management.
- The Center for Community Development Studies, Yunnan took responsibility for consultative exercises with workers and management.
- All China Women's Federation participated in consultative exercises with workers and management during phase 3.
- Guangdong Labor Bureau office of the Labor Department, briefed managers on labor law

Quality of dialogue with stakeholders

The project aims at developing local capacity of organizations to manage labor standards issues as follows:

- o Developing worker interviewing skills (Guang Dong Academy of Social Sciences)

o Transferring techniques for building communications between managers, supervisors and workers (using PRA methodology) to Guang Dong Academy of Social Sciences, Guzhou PRA Network and the All China Women's Federation. These groups have now joined together to form the Guangdong PRA Network.

o Developing ability to work in the industrial context: Center for Community Development Studies

Requirements for Smooth Functioning

The critical issue was to build an atmosphere of trust among the different persons involved and this was successfully done through the process of dialogue.

Assessment of the Approach (Strengths/Weaknesses)

The strength of this approach is that it involves different stakeholders in the process and the results are well quantified in terms of productivity. With such data it is easier to persuade the different stakeholders.

Although as a demonstration project, the effort is good, the major weakness of this system is the time involved in the process and the slow speed at which this could be spread through the country, especially if the effort is aimed at involving the small medium enterprises. According to company sources "We are trying to roll out the learning to other sectors through training for factory managers and practical 'toolkit' documents, mentioned in the report."

Case Study 3: Philippines: ABS-CBN Foundation, Inc. – Educational Television Channel, Philippines [15]

Promoter Profile:

The Lopez family that has very diversified interests in the Philippines owns this company. Other than this broadcasting company, the group has interests in many other industries, particularly power generation. ABS-CBN claims to be the largest media broadcasting company in the country, reaching 97 percent of the more than 8 million television-owning households and 70 percent of the cable TV market, as well as other parts of Asia, the Middle East, Europe and the US.

Social Responsibility Approach

Other than producing educational programs, such as science programs, that are widely watched, the company involved itself in the Bantay Bata 163 (Child Watch), a 24-hour hotline and child abuse intervention program. The media channels of the company were used to advertise the hotline number and provide other programming to make the public aware of its services. People could call in for intervention in the case of child abuse. The program was extremely successful and overwhelmed by calls in its first year of operation, Bantay Bata has evolved from a media-based hotline to an integrated child protection system combining rescue, medical care and rehabilitation, shelter and aftercare, provided by social workers and other trained and licensed professionals.

Motivating Factors

The Family, that owns the company, appeared to have gone through traumatic days during periods when the Regime was hostile to the Family. When the business empire was rebuilt, the owner appeared to have made a conscious decision to use their business for social good. The promoter of ABN-CBN Network (a daughter of the family) herself had been through unusual experiences. In 1972, she joined a religious organization called Ananda Marga and spent the next 20 years ministering to the needy, living a hand-to-mouth existence while running orphanages and nursery schools in Africa and other impoverished parts of the world. This could have been a strong motivator.

Standards and Labels

The company does not appear to have subscribed in any of the standards or labels

Quantitative Data

Average calls per year received by hotline   1.3 Million
Average calls per year needing follow up   18,540
Percentage of children rescued who are reintegrated with family 40 %
Current residents in Children's Home   100

An average of seven children a month, removed from abusive homes by Bantay Bata's rescue staff and all are placed in Children's Village, the foundation's new PhP 120 million (about $2.15 million) state-of-the-art integrated care facility in Bulacan, about an hour from Manila.

Stakeholder Participation

A key factor in the effectiveness of Bantay Bata is its partnership with the national Department of Social Welfare and Development (DSWD). Bantay Bata and DSWD are also working together to raise money and public awareness to address the problem of child abuse. The access to the medium of Television is a strong lever.

Quality of dialogue with stakeholders

The nature of the program is such that it educates all the viewers of the television channel. The hotline also ensures constant interaction with different sections of the community. The rapport with the government, an essential factor for the success of such programs, also appears to be good

Requirements for Smooth Functioning

The Medium of television is the most important constituent in this effort and the viewer ship of the channel is critical. The effort has to be to keep the viewers interested in the cause.

Assessment of the Approach (Strengths/Weaknesses)

It is a commendable effort from a broadcasting channel. In most of these programs, one of the biggest costs and the biggest challenges is the awareness creation. In this case, the company, through its popular TV channel, has a very big advantage and is in a position to influence behavior. This could be a wonderful example for broadcasting companies in other developing countries, to use the medium so effectively for public good.

There are no specific weaknesses to this effort, as it is not driven by anything except an internal commitment to society.

Case Study 4: Thailand: Corporate Club [16]

Promoter Profile

The Corporate Club is an initiative of the World Wild life Fund (WWF), Thailand. In 1995, WWF established its own office in Thailand. Its mission is to conserve natural resources and the environment, focusing on six important themes: forest, freshwater, marine and coastal ecosystems, species, energy and climate change, and toxic chemicals

Social Responsibility Approach

The aim of The Corporate Club is to developing partnerships between the private sector and WWF in Thailand. Over the longer-term, WWF hopes to help corporate members to develop environmentally friendly approaches in running their business operations, and to educate and involve their staffs in nature conservation, working together to create a more sustainable future for all of us.

The WWF Corporate Club is a corporate membership programme specially developed to create a network of companies in Thailand who wish to take action for the good of the environment.

As members of the Corporate Club, the members support the WWF by:

- Providing funding for WWF's conservation activities both in Thailand and on a global scale, through membership fee
- Raising awareness of nature conservation and environmental issues among the customer base of the company, stakeholders, partners and employees
- Setting an example for other companies and businesses to follow

Motivating Factors

For the WWF, the effort in Thailand is part of a worldwide mission and this is a strategy to get business involved in their task.

By joining this Club the companies can enhance their image and raise their profile.

Quantitative Data

The annual membership of the club is US$ 5500

Stakeholder Participation

The participation of the Club members appears to be limited to participation in varying PR activities, such as the public launch of the Corporate Club and the right to communicate the support to WWF.

Although the WWF is involved in a number of very important projects for which, contributions from the Corporate Club are used, there are no reports of direct involvement of the members in any of the projects.

Quality of dialogue with stakeholders

As mentioned earlier, there does not appear to be any specific effort of building a dialogue with the members other than routine communication of the WWF.

Assessment of the Approach (Strengths/Weaknesses)

The Corporate Club is a good strategy to involve the companies in socially relevant activity, through collection of funds, which are often badly needed. The WWF identifies the projects and implements them with funds from the companies. In some ways this is better than each company being involved in independent activity. Such independent activity results, sometimes, in duplication of efforts, which could be avoided.

The main weakness of the approach is there is very little involvement from the companies. Secondly since the membership fee is quite high, it completely leaves out the small and medium businesses from the exercise

Case Study 5: Indonesia/ Malaysia: Round Table on Sustainable Palm Oil – RSPO [17]

Promoter Profile

Registered on 8th April, 2004 as a not-for-profit Association under Article 60 of the
Swiss Civil Code Located in the Canton of Zurich with the secretariat in Kuala Lumpur, this is an initiative of WWF, Aarhus, Golden Hope, Malaysian Palm Oil Association, Migros, Sainsbury and Unilever.

Social Responsibility Approach

The objectives of RSPO are to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. The tasks of the RSPO are:

• Develop criteria for sustainable production, procurement and use of palm oil
• Implement sustainable best practices
• Develop solutions for implementation problems throughout the supply chain
• Help raise funds for RSPO supported projects
• Communicate the work of the RSPO

Motivating Factors

There has been an outcry from the NGOs about the unsustainable growth of the Palm Oil industry. The two major concerns have been that local communities are being displaced and that forests are being destroyed.

Quantitative Data

RSPO Membership consists of the following:

Oil Palm Growers	22
Palm Oil Processors	12
Consumer goods manufacturers	5
Retailers	3
Banks/investors	2
NGOs	2
Total	**51**

A two-year membership costs € 2000 per year

Stakeholder Participation

The first meeting in 2003 organized by the RSPO had 200 attendees from 16 countries and the second meeting had 299 participants from 17 countries. All the stakeholders have an opportunity to voice their concerns. Since the active NGOs such as Sawit Watch are also involved in the meetings, there is possibility of an open dialogue. Sawit Watch has been one of the NGOs that have been very actively campaigning for sustainable palm oil production.

Quality of dialogue with stakeholders

With such large players such as Unilever and MIGROS in charge of the proceedings there is a chance that the voice of the people may be drowned, in spite of the involvement of major NGOs such as Sawit Watch and Rainforest Alliance. However, at least a platform has been created for the various stakeholders to meet.

Requirements for Smooth Functioning

For the smooth function of this kind of a platform it is critical for the companies and the NGOs to keep and open mind in the discussion and attempt to look at the perspective of the other. The intervention of a neutral institution such as the WWF could be critical and they would have to play the role of mediators.

Assessment of the Approach (Strengths/Weaknesses)

It is a good idea to bring together conflicting parties and the different stakeholders on the same platform so that either player attempts to understand the view of the other stakeholder.

The role of a neutral party in such efforts are essential otherwise there is the possibility that the more powerful player bulldozes his point of view and uses the forum only as a body to ratify their possibly wrongful actions.

Case Study 6: Maldives: **Banyan Tree Resorts - A Chain of Resorts in the Asia Pacific Region [18]**

Promoter Profile

Banyan Tree is a privately run company that is involved in running Resorts in many countries in Asia. One of the early units in the chain was the one in the Maldives

Social Responsibility Approach

The approach of the company was to use Social Responsibility as a business strategy. With this, not only does the company takes pains to identify and engage in socially relevant projects, but also advertises its activities as such. The Resorts attract a number of eco-tourists. One of the schemes launched by the company is the creation of a Green Imperative Fund. With every room-night, the guest at the resort donates one dollar. The company matches this with a dollar and the funds are used for supporting projects with a strong environmental focus. It could be coral saving, "it could be saving the gibbons, or turtles, or it could be doing R&D work on new technologies for protecting the coral reefs" in the words of Ms. Claire Chiang, Executive Director.

Motivating Factors

Maldives is one of the island countries that is threatened by rising sea levels, allegedly due to global warming, with all its resultant problems. While in the process of looking for land to set up a unit in the Maldives, the company chanced upon a piece of land that they late realized was declared as useless, due to the seriously leached top soil. The company took it as a challenge and decided to take the help of environmentalists to remedy the land. Maldives faces a problem of loss of Corals that were whitened or dead and one of soil erosion. With the help of German engineers, steel structures were built and buried in the sea. This helped to hasten the growth of the Corals. This lead to an innovative program where the guest in the resort were invited to pick up fragments of corals which would otherwise be washed away and plant them

onto the steel structures. Within days, they were cemented in place and could continue to grow and flourish in their new habitat.

Standards and Labels

The company has won a number of awards instituted by the government of Maldives as well as other institutions such as the Pacific Asia Travel Association. There is no information of the company's subscription to any standards such as SA8000. Some of the awards won by the company include:

- Grand Award for Corporate Environmental Programme (Pacific Asia Travel Association)

- President Of the Maldives Green Resort Award

- Ecotourism Award (Conde Nast Traveler, USA)~

- Theodore M. Sperry Award (Society for Ecological Restoration)

- Environment Preservation Award (Maldivian Government)

- Environment Award (American Express & The International Hotel Association)

Quantitative Data

The group has resorts in many countries in the Asia Pacific region including Maldives, Seychelles, Singapore and Thailand. The group employs 4000 people drawn from 34 nationalities.

Stakeholder Participation

The company has attempted to create schemes that involve the guests in the CSR processes. In addition, the company makes it a point to buy materials from small and micro enterprises. In one such case, to assist one of the suppliers of cushions, the company set up a retail store in the resort and persuaded their guest to buy the produce of micro enterprises.

Quality of dialogue with stakeholders

The company has been sensitive to the needs to the local community although there does not appear to be any formal process instituted for regular dialogue with the stakeholders.

Requirements for Smooth Functioning

The major requirement for smooth functioning is the demand and appreciation of eco-tourism, which is the market segment that the company is trying to exploit. To keep up this image, the company will always attempt to visibly involve itself in CSR projects.

Assessment of the Approach (Strengths/Weaknesses)

Since the company has chosen this position as a market strategy, it is bound to have continued interest in community involvement. This is a part of the corporate strategy.

This in itself could be its main weakness – that the company involves in projects that appear good in the eyes of its customers (particularly those from developed countries) rather than be oriented towards the specific local needs.

Case Study 7: Gujarat Cooperative Milk Marketing Federation – A large cooperative institution

Promoter Profile

Gujarat Cooperative Milk Marketing Federation is one of India's largest food products marketing organization. Its brand Amul is a household name in India and has come to represent good quality at a fair price.

Formed in 1946, Amul began the dairy cooperative movement in India and formed an apex cooperative organization, Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), which today is jointly owned by some 2.2 million milk producers in Gujarat, India.

Social Responsibility Approach

It is a state level apex body of milk cooperatives in Gujarat which aims to provide remunerative returns to the farmers and also serve the interest of consumers by providing quality products which are good value for money.

Motivating Factors

Till a few decades ago, milk products were short in India and the country was a net importer of milk products. The reasons were many, but the main reason was that there was no organized dairy industry. Milk was produced by millions of individual farmers who had one or two animals. Consequently, there were no plants that could preserve and process the milk. The farmers were also exploited by middlemen and traders, who exploited the situation.

The cooperative movement ensured that the farmers were brought together to pool their produce. Jointly it was possible to streamline the operations, including making investments on setting up sophisticated plants to preserve and process the milk produced.

Standards and Labels

Although the institution has obtained operationally relevant certifications such as the ISO 9000, HACCP, there does not appear to be a record of the company

obtaining any certification for responsible behavior. However, the company has won a number of awards for its excellent management and is considered a role model for cooperative institutions.

Quantitative Data

Members:	12 district cooperative milk producers' Union
No. of Producer Members:	2.41 million
No. of Village Societies:	11,615
Total Milk handling capacity:	7.4 million liters per day
Milk collection (Total - 2004-05):	2.08 billion liters
Milk collection (Daily Average 2004-05):	5.71 million liters
Milk Drying Capacity:	511 metric tonnes per day
Cattle Feed manufacturing Capacity:	2340 tonnes per day

Sales Turnover	Rs (million)	US $ (in million)
1994-95	11140	355
1995-96	13790	400
1996-97	15540	450
1997-98	18840	455
1998-99	22192	493
1999-00	22185	493
2000-01	22588	500
2001-02	23365	500
2002-03	27457	575
2003-04	28941	616
2004-05	29225	672

Stakeholder Participation

As mentioned earlier, the Federation is made up a number of individual cooperative societies that have as their members, the farmers in the region. The management of the Federation is made of a good mix of professional managers and those from the member farmers. This ensures that the interests of the members of the cooperatives, who also are the main supply chain for the federation, are protection. Since the products of the Federation operative in an extremely competitive market, to an extent, market forces ensure that the interests of the consumers are taken care of.

Quality of dialogue with stakeholders

The participation of the stakeholders is total. The Federation goes just beyond just procuring milk from the farmers. The cooperative societies and the Federation are intricately involved with the lives of the farmers.

Requirements for Smooth Functioning

There are many important issues that determine the smooth running of such a system. One very important issue is that of markets. In the new globalized market place, the professionalism of the marketing effort as well as the sustained quality of the products alone would ensure a share of the market. In a cooperative institution, to maintain a professional management team and keep politics and politicians out of the system is an effort.

Assessment of the Approach (Strengths/Weaknesses)

The system is very strong as it works at the grass root level. Over the years, the elaborate systems that have been built up, including a high level of information technology and the level of processing technology used are very strong and could sustain the institution. The brand names that have been established over the last four decades have enormous value and stand for high quality at very reasonable prices. The company has also established an image for fair practices.

The system has to guard against government and bureaucratic interference that may make system more rigid and impersonal. The system has to guard against political interference and corruption that have plagued developing countries such as India.

Case Study 8: Pakistan: Citizen Police Liaison Committee (CPLC), Karachi, Pakistan [20]

Promoter Profile:

The CPLC describes itself as a non-political statutory institution, operationally independent, managed by volunteers and offering its services through the police to all citizens. The CPLC is an example of the kind of "hybrid" arrangement for the provision of public services that could be useful where there has been a breakdown of conventional governance systems. One could say that the CPLC is "owned" by the members.

Social Responsibility Approach

The CPLC has become an important component of policing in Karachi, the largest city in Pakistan. CPLC works very closely with the police, and focuses on improving police performance through supportive engagement with their work. It has established a number of crime databases that are used operationally by the police, and manages them on a day-to-day basis. The CPLC is not only a storehouse of information but also provides valuable crime information analysis to the police helping it to do more proactive planning. Using its various databases, CPLC generates a monthly crime analysis for police and other law enforcement agencies that indicate the frequency of different crimes in different police stations and districts of Karachi. Once this information is viewed against the pattern of deployment of police resources on the digitized map, it provides a powerful visual and analytical tool for the police manager to try to prevent crime before it happens. The crime information on the map is updated on a daily basis.

The poor and marginalized in developing countries are not only at risk of crime but also sometimes at risk of police harassment. The scrutiny committees of CPLC, comprising CPLC members and local police officials, have been effective at identifying and remedying such cases because they enjoy the respect of not only the citizens but also of the police officials to whom they provide valuable support in fighting crime and political pressure, the bane of many countries.

Motivating Factors

The Governor of Sindh Province, Mr. Fahkruddin G. Ibrahim, conceived the idea of Thana (Police Station) Committees in 1989 to bridge the gap between citizens and the police. The primary aim was to restore citizens' trust in police. This was the beginning of the CPLC. The law and order situation in Karachi was very poor and the citizens appeared to have lost their confidence in the police.

Karachi, with a population of 14 million people, is the largest city in Pakistan. The law and order problem in Karachi has both political and criminal dimensions. Many local social issues led to organized gang warfare between radical elements living in Karachi.

The government does not have funds for additional recruitment to the police force.

Standards and Labels

The CPLC does not appear to have subscribed to any labels or standards.

Quantitative Data

In 2001 Karachi recorded 24,246 incidents of crime against persons and property. This figure included 565 cases of murder, 788 cases of house robber, 1192 cases of burglary and 927 cases of car theft among others. In addition there were 493 cases of rioting. The total police force of Karachi is about 18000 against the sanctioned strength of 28000. The government does not have funds for additional recruitment. Pakistan is a federal state. Law and order is a provincial responsibility. The provincial government, which is headed by the Chief Minister, controls the police. Unlike in many metropolitan cities, there is no independent police force for Karachi.

Stakeholder Participation

Both the federal government and the local business community have a strong interest in the economic prosperity of the city. The business community is the biggest contributor to the CPLC. Most of the CPLC members are active businessmen. The corporate sector helps the CPLC in many different ways. For example, the Insurance companies have provided vehicles and free medical cover to CPLC staff. Oil companies provide fuel for these vehicles. Most of the office equipment was donated by the corporate sector. The assistance of the corporate sector had the greatest impact in developing CPLC's data management capacity. IBM agreed to provide the hardware and also develop the software for the crime reporting system at a reduced cost. Servers were provided free of cost. The digitized mapping of Karachi for spatial crime analysis was done free of charge by two software companies.

Quality of dialogue with stakeholders

There is total involvement in the operations from the citizens, the government and the business community.

Requirements for Smooth Functioning

The smooth functioning of this system requires continued dedication from the citizens, representatives, commitment from the business community and most importantly, political will to maintain law and order.

Assessment of the Approach (Strengths/Weaknesses)

Its an applaudable effort in a developing country for the common man to jointly come together to minimize the rate of crime in their country and also to keep track of the day to day cases and help police perform better. It is a very strong system as there is continuous dialogue among the stakeholders and the citizens take partial responsibility for their own security. This increases the sensitivity of the police to the needs of the citizens, which is very often lacking in many developing countries.

The system could be weakened only by political interference in the maintenance of law and order, which is often a problem in many developing countries.
The people who become "members" of the CPLC and effectively get to manage the organization are often the rich and influential. There is a danger that the institution ignores the needs of the poor.

Case Study 9: India: ITC Ltd. (formerly India Tobacco Company) [21]

Promoter Profile:

ITC (formerly called the India Tobacco Company) is one of the largest companies in India and is a part of the British American Tobacco Company Group of companies. Although due to Indian regulations, the company may have varying degrees of local shareholding, it would classify as a TNC. The annual turnover is around US $ 2.5 Billion and the company has a market capitalization of around US$ 7 Billion. The company till a few decades ago was exclusively manufacturing and marketing cigarettes and other tobacco products, but has diversified into other fields and now manufactures and markets cooking oil and runs a chain of hotels.

Social Responsibility Approach:

The move to diversify the company's activities beyond tobacco products and the change in its identity (from India Tobacco Company to ITC Ltd.) could themselves be seen as a part of the CSR program. In addition, the company has been extremely proactive socially in every sphere – supporting social and cultural activities, focusing on environmental and occupational safety issues etc. However, it is a program called "e- choupal", through which the company is attempting to empower farmers in select regions, that is commendable. ITC's unique 'e-Choupal' movement ("Choupal" is a place in a village where all the villagers meet), commenced in 2000. Using Internet stations installed by ITC right in their villages, farmers are logging on to ITC-created crop-customized Indian language websites. These provide local weather forecast, expert knowledge on best farming practices, agricultural inputs and local, national and international agricultural commodity prices online. E-Choupal also facilitates supply of high quality farm inputs as well as purchase of commodities at their doorstep.

In a country like India, this effort is commendable as often the farmers get exploited because of lack of information.

Motivating Factors:

ITC consciously projects a socially responsible image. One of the major motivating factors has been the negative public perception of cigarette and other tobacco marketing companies caused by the massive anti-tobacco movement all over the world. The diversification into setting up Hotels and getting involved in the Oil industry is itself a part of their overall CSR strategy. More importantly, their aim has been to be involved in the areas that are greatly lacking development in India and their effort would have high impact. The work with the farmers is one such effort as the rural sector is seen as a high priority area in India

Standards and Labels

Being a multi-national, the company attempts to conform to international standards and subscribes to various labels including the SA 8000. The following are some of the certifications and awards claimed by the company.

- SA 8000 Certification
- ISO 14000 Certification
- Sword of Honor & National Safety Awards (instituted by the British Safety Council's Royal Society for Prevention of Accidents Awards)
- The Corporate Environmental Award (instituted by the International Hotels & Restaurants Association, Paris, along with American Express)
- The Golden Peacock Environment Management Award (instituted by the World Environmental Foundation)
- Excellence in Pollution Control Management (Instituted by the Bihar State Pollution Control Board)
- Prashannsa Patra Award (National Safety Council, India)
- National Award for Excellence in energy Conservation (Confederation of Indian Industry (CII) in 2000)

Quantitative Data

E-Choupal is a project on a massive scale that ultimately aims to cover every sixth Indian village. Each Choupal covers around eight villages and 15,000 villages have been covered to date in Madhya Pradesh, Uttar Pradesh, Maharashtra, Karnataka, and Andhra Pradesh, the regions where the company has a presence because of its buying Tobacco and oilseeds.

The e-Choupal project has seen the implementation of around 2,500 information kiosks and ITC has made plans to increase the kiosks to around 10,000 in order to serve farmers in 100,000 villages by 2007.

Stakeholder Participation:

One of the important stakeholders in the company is the supply chain, which consists of thousands of farmers that have been supplying the company with tobacco and oilseeds. Through the e-Choupal program, the company ensures that the dealing with the farmers is transparent and that he is getting a fair price for the supplies to the company and that there is an on-going process of dialogue.

Quality of Dialogue

Given the literacy and infrastructure constraints at the village level, this model is designed to provide physical service support through a 'choupal

sanchalak' (a lead farmer) who acts as the interface between the computer terminal and the farmers.

Requirement for Smooth Functioning

- It is important that the process be accepted by the local societies
- The quality of the data that is fed into the system has to be of good quality
- It is important to maintain relationships with local communities

Assessment of the Approach

It is a commendable effort that is being made by the company. The company has a good knowledge of the conditions in the rural communities, as it has been a major buyer of rural produce (tobacco) for years. The company has always been proactive in their buying process. Often, it has been financing and offering guidance in the tobacco cultivation process. Now the company has leveraged its buying expertise in the field of oilseeds. Hence, the approach for setting up e-Choupal, which involves farmers, one of their major stakeholders, is an excellent effort.

The company still has to contend with the stigma that it is a cigarette/tobacco company, which is not considered favorably by society. In spite of the diversifications, cigarettes are still the major revenue earner for the company. The global pressures against the major products of the company will have their impact on these programs.

Case Study 10: India: Bangalore Agenda Task Force (BATF) - A Unique Public – Private Partnership [22]

Promoter Profile

The BATF is meant to be a partnership between the citizens, corporates and the administrative agencies, which are all government owned – the Municipality of Bangalore, the urban development agency, the local transport company, the water supply company, the telephone provider, the electric supply company and the Police. BATF has tried to bring together the key players comprising a "Private Public Partnership" (PPP) to enable synergy of effort and visibility of result.

BATF is set up by the government, but is independently managed by a board that includes senior industrialists and other prominent citizens of Bangalore.

Social Responsibility Approach

BATF brings together the various stakeholders in the city on a common platform. By entering into a 'Private Public Partnership' with Corporates, Stakeholders and the Citizens, BATF would identify citizens' concerns and help in setting priorities for action. These are then followed up in "summits" organized between the different service providers and citizens. These "summits" follow a process of open dialogue that are free and open for every citizen to attend.

Motivating Factors

Over the years, Bangalore, has become the "Knowledge" capital of India with many top research institutes, IT companies and consulting firms coming to be located in the city. Equally during this period, Bangalore has steadily lost

its reputation as the "Garden City". The rapid growth of the city in the last two decades has crippled its infrastructure, polluted its air and water and eroded the capabilities of its civic agencies that once had an enviable reputation. The state government intended to reverse this trend. Its focus was to make Bangalore the best city in India within the next five years. The private companies have substantial expertise with them. The aim is to tap this expertise, in addition to looking for financial contributions from companies to fund specific projects.

Standards and Labels

BATF has been acclaimed as an excellent model for public-private partnership by a number of International institutions and other cities are also trying to emulate this model. BATF has not sought any label for it's functioning.

Quantitative Data

Since BATF is primarily a platform for dialogue, the quantitative data does not in any way reflect the mammoth task that they have performed. They have, for the first time in India, created a situation where government agencies were directly answerable to the citizens. The improvement in the city and services was very noticeable. Below are some of the achievements.

BATF has been instrumental in initiating the Swachha Bangalore (SB) Project in the area of Solid Waste Management (SWM) to implement best practices.

In the interest of citizens through transparent accounting and payment systems, the BATF conceptualized Swayam Ghoshane - a Self-Assessment Scheme (SAS) for property tax collection.

In the area of Traffic, BATF has set up the Traffic Review and Action Committee (TRAC). TRAC is an Inter-Stakeholder forum, with a mandate to address all road and road safety issues. TRAC addresses issues of safety such as:

- Road signage
- Citizen amenities such as bus shelters, parking and encroachment on pavements

BATF has been responsible for the design of four different bus stand models with appropriate materials and specifications as well as conceptualization of the Build, Operate and Transfer (BOT) model for the operation of these shelters in order to serve as a revenue source for the municipality.

For many of the projects, BATF has obtained millions of dollars as support from the companies in Bangalore.

Stakeholder Participation

The primary function of the BATF itself is to involve the citizens in the process of managing the city. The stakeholders were given adequate means through interactive meetings between the various stakeholders and through the Internet to communicate with each other.

Quality of dialogue with stakeholders

The quality of the dialogue was excellent. The pattern of the "summits" that were arranged between the different stakeholders was interesting. The citizens, the service providers and the concerned government agency would agree on the work plan for the next period (maybe quarter) and this would be recorded and reviewed. Through this each stakeholder understood the concerns of the other

Requirements for Smooth Functioning

The primary requirement for this system to work effectively is the commitment from the politicians in power. Unless there is political support and commitment from the bureaucracy, this scheme cannot function. In this case, the Chief Minister of the State was personally interested and concerned about the smooth functioning of the BATF

Assessment of the Approach (Strengths/Weaknesses)

This is a wonderful system in developing countries as the arms of the government directly interact with the citizens, understand their problems and transparently work towards a solution
The system harnesses the financial, technical and managerial capacity of the Industry for the direct benefit of citizens
The Industry gets directly involved and thereby feels responsible for their own immediate environment and community.

The institution is dependent on the support of the government of the day. In the case of

BATF, the new Chief Minister who came to power was not interested and the institution is now languishing.

Again, like many other such initiative, the small-scale sectors did not find a place in the operations of the BATF. This was largely an initiative of large companies.

Conclusions

The following broad conclusions could be drawn form the study:

- The perspectives of CSR are distinctly different in different cultures and different countries. It is important for the economic actors to understand the needs of the local communities where they operate and evolve programs that are relevant to the local context.

- It may not be just adequate to follow standards developed in the west that address the concerns of those societies. It is important to develop local standards and labels that ensure that the companies operate in a responsible manner. One of the methods of creating locally relevant norms would be to initiate a dialogue between the various stakeholders so that the needs of local communities could be identified. Through this energies and monies could be well directed to make a difference to local communities. All stakeholders such as companies, NGOs, representatives from government, prominent citizens, should participate in such a dialogue.

- It is important to involve the SMEs in the CSR process, since they play such a substantial and important part in the economic processes of many countries.

- As mentioned earlier, many of these initiatives have evolved because the government has not performed its duties adequately. In many of the poorer countries, failure of essential public services is caused by rampant corruption and politicization of the system. Well conceived and well run initiatives are likely to be destroyed due to these systemic problems in these countries. It may be necessary to consider some international "protection" to such well run initiatives. The "protection" could be the development of an internationally acceptable management model for NGOs that offer essential services (such as the CPLC in Pakistan)

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ASSESSING SOCIAL IMPACT:
A GUIDE FOR SMALL AND MEDIUM COMPANIES

Work in Progress with the support of the European Commission,
Employment and Social Affairs Directorate

CONTENTS

This document is a **guide for Small and Medium Enterprises** wanting to assess their activities from the perspective of Social Responsibility (SR). Practical descriptions and explanations of current business practices will help SMEs to better communicate their values and their economic, social and environmental performances.

INTRODUCTION

1.   **Why evaluate your impact on society?**

Companies of all sizes are under increasing pressure not only to behave in a responsible manner but also to communicate their activities to their employees, suppliers, contractors, and to the local community.

Surveys (Mori 2000) have shown that SMEs are aware of their impact on society, and of the need to maintain strong and transparent relations with their stakeholders.

A good reputation is clearly crucial for SMEs, as most of their relations and activities are based on the *trust* placed in them by their stakeholders and the broader community within which they operate.

However, evaluating social impact is still seen by many SMEs as a burden, both in terms of cost and time. The aim of this toolkit and the guide component is to demonstrate that it is not a burden but in fact can become a cost-efficient benefit.

2.   **How can this guide help you?**

This guide is designed to boost SME assessment and communication by reducing the costs involved in producing an evaluation and facilitating the transfer of expertise and spread of best practice by providing:

- A step-by-step interactive guide to evaluating social impact
- The possibility of producing an online assessment
- Examples and suggestions to explain issues.

This format is tailored to address the questions and concerns of SMEs. At the same time, the tool is flexible - the user can choose which questions to answer - and provides a guide to reporting that lets the user adapt it to their specific needs and circumstances.

3.   **How is the guide organized?**

Part I - Purpose and Values
Here the user provides general information about the company, e.g. its make up, geographical reach, and contact details.

The company's mission and values - which shape the company in its management activities and relations with its stakeholders can also be described - as can its approach to social responsibility.

The user can also give reasons why they want to write a social report and the expectations they have of the exercise.

Part II - Statement on the Company Impact in Economic, Social and Environmental Terms
This part is divided in three major sections, reflecting the three ways in which companies can contribute to the local, regional and national economy:
- In **economic** terms: by creating employment, wealth, and profit.
- In **social** terms: by building good relationships with employees, the community and their stakeholders.
- In **environmental** terms: by responsible and efficient use of natural resources.

In each section there is a set of questions to help the user insert the relevant information without obliging them to answer all questions. The range of the questions is intentionally broad to give the user a sense of the scope of social responsibility.

In order to guide companies in measuring the impact of activities, a set of the most frequently used processes and performance indicators is also provided.

Part III - Looking Ahead
The third part gives the company the chance to summarize its aspirations and the plans to develop its social responsibility strategy.

Part I - Your Company and its Values

Please provide some general information about your company and its activities.

a) General information on your company
b) Your company's mission and values
c) Stakeholder consultation
d) Why write an assessment? Introduction describing what is behind your decision to produce a social report: your key motivating factors / goals.

About Us
  Describe your company's characteristics (e.g. size, structure)
  Who owns the company? (e.g. family-owned?)
  If any, who are the shareholders?
  Is the company listed on the stock exchange?
  Provide a description of your main activities.
  What are the geographical areas of operations of your company?

You and SR
  Can you briefly describe the history of your company and of its social responsibility?
  Is there a contact point in your company for SR matters?

Your Company's Mission and Values
  Does your company have a clearly stated mission? Does it include socially responsible targets? If yes, what?
  Has the Managing Director / Owner of your company made a statement on the broader impact of the company on society?
  Does your company have a set of values that guide it in its management activities and relations with stakeholders?

Business and Social Partners (Stakeholders)
  Is there broad awareness in the company that its activity has direct and indirect impacts on a number of actors broadly referred to as stakeholders[1]?
  Who do you consider your key stakeholders? Please list them.
  Does the company engage in regular consultation or activities with stakeholders? (This could even include less formal activities such as community-related activities - e.g. voluntary work, spending time in schools, encouraging feedback, etc.) If yes,
    - Who was involved?
    - On which t[1]opic?
    - How did you organize it?
    - Who, if anyone, advised you?
    - What were the benefits for you? (e.g. information gathering, setting up of partnerships, better awareness, others)
  Have you ever been in a difficult situation concerning business or social partners? How was it resolved? Did it impact on subsequent relationships with stakeholders or on your reputation?
  Have you engaged in any strategic partnerships with your stakeholders?

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1 A Stakeholder is defined as anyone who affects or is affected by a company's operations. It includes employees, customers, shareholders, suppliers, local communities, public authorities, and NGOs, among others.

Assessing Social Impact - Your Experiences
- Describe how you went about writing your assessment, who was involved and how, what was the general attitude toward the initiative?
- What was the overall reaction in the company to this self-assessment exercise?
- In your opinion, what are the potential benefits that self-assessment could bring to your company?

Part II - Your Company's Impact: Economic, Social, and Environmental

Please insert here some information about the impact of your company on society. This section is divided into three major sections:
- Part IIa   - The Economic Impact
- Part IIb   - The Social Impact
- Part IIc   - The Environmental Impact

Part IIa - The Economic Impact of Your Company
Please support the following points with statistics, graphs, and where possible, include comparisons with data from the previous year that you consider relevant.

- Turnover
- Sales (Domestic, EU, other)
- Pre-tax profit
- Number of employees (Breakdown full-time / part-time / short-term)
- Employee remuneration
- Investment (including R&D, new products, etc.)
- Dividends (if the company is listed)
- Tax - Direct financial contribution to local economy
- Size of company in terms of market share
- Added value
- Distribution of added value
- Others

Part IIb - The Social Impact of Your Company

Identifying Your Key Stakeholders

Stakeholders contribute to the success of a company by directly participating in the business' activities (shareholders, employees, customers) or by indirectly influencing a company's decisions. It is important to identify key stakeholders, to listen to and accommodate their concerns, to anticipate their needs, and to communicate corporate performance.

The following five key stakeholders have been identified, although you should add others relevant to you:
- Employees
- Consumers
- Local Community
- Business Partners (suppliers, contractors, etc.)

 Public Authorities

For each stakeholder, describe the issues that are most relevant to your company (the lists provided can help you to do this). Illustrate the procedures that your company puts in place for the management of the issue or provide examples of projects and initiatives organized. You can also report on ways in which you have integrated CSR principles into core management operations and strategies.

Try to identify the direct and indirect impact of your company's activities and describe the results of the programmes and processes developed using indicators (the lists provided can help you to select indicators that you might want to adopt).

Employees

What are the most relevant issues to your company regarding **employees**? The following list will help you identify and prioritize relevant issues.

 Equal opportunities (gender, race, age, disability)
 Health and safety
 Training and development
 Communicating with your employees
 Pay & benefits
 Work environment
 Industrial relations
 HR management
 Child labor / Forced labor
 Others (specific company issues)

Equal Opportunities
- Where you are now:
   Is company active in the field of equal opportunities?
   Do you promote on equal opportunities?
   How do you implement equal opportunity practices?
   Do you organize training on diversity and equal opportunities?

- Have you thought about:
   The profile of your workforce in terms of age, gender, race?
   The ethnic background/nationality of employees? (as a percentage of your workforce)
   Number and percentage of women and persons of ethnic background in senior management positions
   How many full time / part time workers do you have?
   Employees with disabilities? (as a percentage of your workforce)

Health and Safety
- Where you are now:
  - Do you have a health and safety policy?
  - Do you have a system in place to manage health and safety issues?
  - Do you provide health services (screening, medical education)?
  - Do you train your employees on health and safety issues?

- Have you thought about:
  - Health and safety expenditure per employee
  - Occupational disease and injuries
  - Rate of absence/lost days
  - Number of employees attending H&S courses

Training and Development
- Where you are now:
  - Do you provide training for your employees?
  - Do you have procedures in place to ensure an appropriate professional development of your employees (career development plan, mentoring programmes, skills development plans)?
  - What is the ratio of internal promotions to external recruitment?

- Have you thought about:
  - Training expenditure per employee
  - Number of training hours available
  - Number of and level of employees attending training courses

Internal Communication
- Where you are now:
  - How do you communicate with your employees (newsletter, intranet, etc.)?
  - How do you encourage feedback / dialogue with employees and on which topics? (suggestion boxes, surveys, staff meetings)
  - Do you involve and consult with your employees when the company reviews the policies? If so, how?

- Have you thought about:
  - Percentage of employees involved in consultations/suggestions schemes
  - Employee satisfaction with internal communication (e.g. number and results of employee surveys)

Pay and Benefits
- Where you are now:
  - Do you offer remuneration packages, performance-related pay or profit sharing?
  - Pension schemes
  - Other benefits (Flexible working-time, career breaks, maternity/ paternity leaves, childcare)
  - How do you compensate overtime?

- Have you thought about:
  - ▢ Summarising various job bands and salary levels
  - ▢ Comparing your company's salary levels with local / regional levels

Working Environment
- Where you are now:
  - ▢ Does the company have an employee handbook?
  - ▢ Is there an internal reference point for ethical issues?
  - ▢ Do you train your employees on ethical issues?

- Have you thought about:
  - ▢ Number of complaints and what they are about?

Industrial Relations
- Where you are now:
  - ▢ Do your employees have the right of association?
  - ▢ Do you recognise trade unions?
  - ▢ Type of industrial actions
  - ▢ How do you dialogue with trade unions and social actors?

- Have you thought about:
  - ▢ Level and type of industrial action; number of strikes; how long they lasted, how they were resolved?
  - ▢ Your overall relations with staff and their representatives

Management of Industrial Change
- Where you are now:
  - ▢ Has your business recently undergone restructuring?
  - ▢ How did you manage this change? Did any particular tensions surface? Describe how you dealt with them and the degree of staff consultation.
  - ▢ How did it affect morale?
  - ▢ What kind of support was offered to employees? (e.g. advice on how to set up your own company, assistance in finding a job)

- Have you thought about:
  - ▢ Analysing your staff turnover (number of joiners, leavers)
  - ▢ No. of redundancies, dismissals, resignations by type and frequency.

Human Rights
- Where you are now:
  - ▢ Do you adopt specific human rights standards?
  - ▢ How do you monitor them?
  - ▢ Do you actively raise awareness of human rights issues (with staff, partners, suppliers)? If yes, how (newsletters, training, clauses in contracts)?
  - ▢ Do you require the respect of specific human rights standards when dealing with business partners?
  - ▢ How do you monitor your partners?

- Have you thought about:
  - ⬜ If cases of human rights abuses have been reported
  - ⬜ The age and number of the youngest employees in your organization
  - ⬜ Screening your contractors/partners? (How many are screened, and using what criteria?)

Others (Specific Company Issues)

Please insert other issues you consider to be relevant, giving examples of your activities / approaches and what you think the impact of these issues is.

Customers

What are the most relevant issues to your company linked to **customers**? The following list will help you identify and prioritize relevant issues.

- ⬜ Customer satisfaction
- ⬜ Customer retention
- ⬜ Product safety and quality
- ⬜ Services / After-Sale Services
- ⬜ Engaging with customers
- ⬜ Cause-Related Marketing (CRM) Initiatives
- ⬜ Consumer Education
- ⬜ Others (Specific company issues)

Customer Satisfaction
- Where you are now:
  - ⬜ Do you have a loyalty scheme? How does it work?

- Have you thought about:
  - ⬜ The profile of your clients (e.g. sector, gender, age)
  - ⬜ Customer retention as a percentage of total number of customers
  - ⬜ New clients as a percentage of total number of customers

Product Safety and Quality
- Where you are now:
  - ⬜ Quality standard (ISO 9000, etc.)
  - ⬜ Do you provide advice and information on product use and safety?

- Have you thought about:
  - ⬜ Measuring the number and type of customer complaints
  - ⬜ Provisions for vulnerable customers (elderly, disabled)
  - ⬜ The social impact of core products and services after they leave your company.

Services / After-Sale Services
- Where you are now:
  - ⬜ What kind of services do you offer to your customers?
  - ⬜ Do you guarantee after-sale service?

- Have you thought about:
  - ⬜ The number of customers that make use of the services provided
  - ⬜ Gathering feedback on your post-sales services

Customer Relations
- Where you are now:
  - ⬜ Do you organise consumer panels?
  - ⬜ Do you consult your clients? If so, how? (e.g. open days, surveys, testing new products / services, etc.)

- Have you thought about:
  - ⬜ The number and type of panels you organise
  - ⬜ How do you judge their usefulness?

Cause-Related Marketing (CRM) Initiatives
- Where you are now:
  - ⬜ Do you have any Cause-Related Marketing initiatives? Describe them and their results.
  - ⬜ How do you select the causes and the partners you choose to support?

- Have you thought about:
  - ⬜ The total amount donated as percentage of your total earnings.
  - ⬜ The percentage profit / earnings you donate as part of a specific campaign.
  - ⬜ Consulting your staff on the selection of causes.

Consumer Education
- Where you are now:
  - ⬜ Have you launched initiatives on consumer education? Have they had any impact?

Others (Specific Company Issues)
    Please insert other issues you consider to be relevant, giving examples of your activities / approaches and what you think the impact of these issues is.

Community

What are the most relevant issues you are facing regarding **community**? The following list can help to identify and prioritise issues related to community relations.

- ⬜ Charity, donations, and support to good causes
- ⬜ Employee involvement
- ⬜ Impact on society
- ⬜ Economic regeneration (job creation, entrepreneurship, youth projects)
- ⬜ Specific company issues

Charity, Donations, and Support to Good Causes
- Where you are now:
  - Do you support local events? Organise social activities?
  - How do you identify the areas you choose to support?

- Have you thought about:
  - The value of cash and in-kind donations (total or ratio to pre-tax profit)
  - The areas of charitable support you are involved in (issues, level of causes - local / national / international, etc.)

Employee Involvement
- Where you are now:
  - Do you have incentives or schemes to reward volunteering employees?
  - Do you support employee involvement in social / community activities, e.g. providing information and advice?

- Have you thought about:
  - Measuring staff involvement in social / community activities (number of employees involved and time spent)
  - Amount raised by employees for charities
  - Publicising the community work you are involved with

Impact on Society
- Where you are now:
  - Do you measure the impact of your company's activities on society?
  - Provide evidence of community consultation.

- Have you thought about:
  - Measuring project progress and achievement.
  - The impact of community programmes
  - Number of external people involved in social projects
  - Number of organisations involved
  - Result of community consultations
  - The perception of the company's reputation as a good neighbour

Economic Regeneration (Job Creation, Entrepreneurship, Youth Projects)
- Where you are now:
  - Have you developed programmes to support entrepreneurship in the community?
  - What is the contribution of your company to the creation of new jobs?
  - Do you support local schools? Do you involve students and teachers for the development of youth projects?

- Have you thought about:
  - New jobs created (directly and indirectly)
  - Your investment in educational and economic projects
  - Educational awards / scholarships granted and how you are involved

- Number of schools / students / teachers involved in educational projects with your company

Others (Specific Company Issues)

Please insert other issues you consider to be relevant, giving examples of your activities / approaches and what you think their impact has been.

Business Partners

What are the major issues facing your company regarding **business partners**? The following list will help you identify and prioritise the issues related to your business partners.

- Relations with business partners
- Support local suppliers
- Payment of bills on time
- Creating awareness among business partners
- Bribes and corruption
- Others (specific company issues)

Relations with Business Partners
- Where you are now:
  - Have you integrated social / environmental elements into the selection criteria for partners? If so, what are they?
  - Are these criteria made explicit in both the selection process and in contracts awarded?
  - Did the selection committee agree with these criteria?
  - Do partners / suppliers have to comply with ethical / social / environmental standards?
  - How do you monitor them?
  - Do any of them produce social reports or evaluations in terms of SR?

- Have you thought about:
  - The number of contracts signed according to these criteria
  - Identifying and counting the cases where contracts have been terminated because they did not respect your company's social policy?

Supporting Local Suppliers
- Where you are now:
  - How do you support local suppliers?

- Have you thought about:
  - What percentage of your suppliers / partners are local
  - Per area percentage of suppliers (country / location)?

Payment of Bills on Time
- Where you are now:

 Please insert what you consider to be relevant, giving examples of your activities / approaches

- Have you thought about:
   The average time it takes to pay suppliers' bills
   The maximum time it takes to pay bills

Raising Awareness among Business Partners
- Where you are now:
   Do you adopt procedures to raise awareness among partners?
   Do you provide training and information to your partners on your policies / activities regarding social responsibility?

- Have you thought about:
   The number of partners involved in your training or awareness raising initiatives

Managing Business Relations
- Where you are now:
   In all your dealings with partners and suppliers, how do you demonstrate a commitment to transparency? If so, what kind of impact do you think it has had?

Others (Specific Company Issues)
    Please insert what you consider to be relevant, giving examples of your activities / approaches and your impression of its impact.

Public Authorities

What are the most relevant issues to your company regarding **public authorities**?
   Relations with the public authorities
   Fines and penalties
   Others (Specific company issues)

Relations with Public Authorities
- Where you are now:
   What kind of relationship do you have with public authorities at local / national level?
   Do you co-operate with public authorities for social campaigns or other social activities?

- Have you thought about:
   The percentage of total contributions of public authority contracts to total revenue
   The number of partnerships you have with public authorities (as percentage of total partnerships).

Fines and Penalties
- Where you are now:

       ☐ Please insert what you consider to be relevant, giving examples of your activities / approaches

- Have you thought about:
  - ☐ Fines and penalties imposed, the reasons why and how to avoid these situations arising

Others (Specific Company Issues)

     Please insert what you consider to be relevant, giving examples of your activities / approaches, and what you think the impact has been.

Non-Governmental Organisations

What are the main issues your company faces regarding **non-governmental organisations (NGOs)**?

- ☐ Relations with NGOs
- ☐ Consultation and dialogue
- ☐ Others (Specific company issues)

Relations with NGOs
- Where you are now:
  - ☐ Are you a member of any organisations that are active in the CSR field at a national / international level?
  - ☐ Do you have partnerships with NGOs? If yes, which ones and for which incentives (list examples)?
  - ☐ Are these partnerships ongoing or one-offs?

- Have you thought about:
  - ☐ How many partnerships with NGOs you have and this as a percentage of total number of partnerships?

Consultation and Dialogue
- Where you are now:
  - ☐ Are you or have you been in consultation with NGOs? What impact do you think this has had?

- Have you thought about:
  - ☐ The total amount donated as percentage of your total earnings.
  - ☐ The percentage profit / earnings you donate as part of a specific campaign.
  - ☐ Consulting your staff on the selection of causes.

Others (Specific Company Issues)

     Please insert what you consider to be relevant, giving examples of your activities / approaches, and what you think the impact has been.

<u>Part IIc - The Environmental Impact of Your Company</u>

Describe the issues relevant to you and illustrate the procedures that your company puts in place for the daily management of the issue, mentioning any integrated systems and processes embedding CSR practices in core management operations and strategies. You can then try and identify the direct and indirect impact of your company's activities.

Environment

Try and pinpoint the most relevant issues for your company on the **environment**. The following list will help you identify and prioritise environment-related issues.

- Environmental management
- Environmental impact
- Energy / water use
- Materials
- Waste management
- Recycling
- Transport
- Packaging
- Compliance with national / international standards (ISO, EMAS)
- Environmental awareness
- Specific company issues (e.g. animal testing / ethics)

Environmental Management
- Where you are now:
  - Do you have an environmental policy?
  - Have you set environmental quantitative objectives?
  - Do you have an Environmental Management System in place?
  - Do you conduct environmental audits?
  - Do you support suppliers in their environmental programmes?
  - Do you adopt specific criteria for selecting your partners?

Environmental Impact
- Where you are now:
  - Do you have an environmental policy?
  - Do you have an Environmental Management System in place?
  - Do you conduct environmental audits?
  - Do you have in place a policy to reduce the environmental impact of your company and to reduce emissions?
  - Do you have in place a programme to reduce the use of natural resources?

- Have you thought about:
  - Greenhouse gas / CO_2 emissions (tonnes or kilo)
  - Emissions to air / water / land
  - The environmental impact of your goods / services beyond your internal housekeeping

◻ Measuring the impact of the goods / services you provide once they leave your company and are used (cradle to grave impact)

Energy / Water Use
- Where you are now:
  ◻ Do you have in place programmes to control / review the consumption of water / energy?

- Have you thought about:
  ◻ The quantity of water used
  ◻ The quantity of energy used (joules)

Materials
- Where you are now:
  ◻ Please insert what you consider to be relevant, giving examples of your activities / approaches

- Have you thought about:
  ◻ Making a list of materials used within your company. How much can be reused / recycled? Are there alternatives?

Waste Management
- Where you are now:
  ◻ Do you have a waste management policy?

- Have you thought about:
  ◻ Quantity of waste generated (tonnes or kilos; hazardous or non-hazardous)
  ◻ Quantity of solid waste generated

Recycling
- Where you are now:
  ◻ Do you have a recycling policy?
  ◻ Do your recycle or reuse materials?

- Have you thought about:
  ◻ How much waste do you recycle?
  ◻ How much recycled materials do you consume? (paper / plastic / other)
  ◻ Which materials are reusable and how much do you actually reuse?

Transport
- Where you are now:
  ◻ Do you have a policy to reduce fuel consumption?

- Have you thought about:
  ◻ The number of company vehicles, mileage, fuel type, linked to your company
  ◻ The amount of fuel your company consumes

Packaging
- Where you are now:
  - What do you do to minimise packaging? Please insert what you consider to be relevant, giving examples of your activities / approaches.
- Have you thought about:
  - The impact / cost effectiveness of your current packaging policies
  - How much of the packaging could be recycled / reuses
  - How much recycled material is found in the packaging?

Compliance with National / International Standards
- Where you are now:
  - Does you company comply with national / international standards?

Environmental Awareness
- Where you are now:
  - Have you organised activities and projects to raise awareness on environmental issues (internally / externally)?
  - Do you participate in research groups?
  - How do you communicate your environmental policy to your staff?
  - Do you provide environmental training?

- Have you thought about:
  - Number and type of environmental training programmes
  - Percentage of employees involved in such programmes
  - Creating an in-house environmental policy

Part III - Looking Ahead

This section should summarise your company's aspirations and the development of a social responsibility strategy.

- Has your company planned a sustainability strategy for the future? If yes, please describe it.
- Has your company stated a clear aspiration / vision for the future? Do you have a clear idea of what your company's role should be?
- Do you plan to increase and improve stakeholder dialogue? If so, how?
- For you, what is the main purpose of this report (internal / external)? Who is your target audience and how do you hope to circulate this evaluation?
- Do you have any ideas on steps you could take to establish and integrate a culture of sustainability into your core activities?