

# CORPORATE SOCIAL RESPONSIBILITY PRACTICES: AN EXPLORATORY STUDY

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## **ABSTRACT**

*The aim of the study is to explore the practices of corporate social responsibility in two different companies. For this purpose we collected data from Intel and Pakistan Tobacco Company. Intel is Worlds leading semiconductor chip producer and have its operations in more than 50 countries. Pakistan Tobacco Company is a member of British American Tobacco, which is one of the world's largest manufacturers of tobacco products. Data was collected from the past researches conducted by different researchers, company's official websites and reports published by companies. The results of the study suggest that two different companies working in different industries are using the CSR concept. However there are some differences exist to practicing the CSR concept.*

**Keywords:** Business Ethics, Corporate Social Responsibility, Corporate Governance

## **INTRODUCTION**

Corporate Social Responsibility (CSR) is the ethical responsibility of the business which means monitoring of activities of the business to ensure that it is performing its functions according to rules and regulations of the government, ethical standards and international norms. It also means that business contributes positively to the communities. Today, different companies engage in Corporate Social Responsibility activities. The companies practicing CSR examine the impact of their business on customers, employees, shareholders, communities and the environment and take necessary measures to prevent all stakes holders from negative impact of the business activities. Corporate Social Responsibility focuses on promote public interest by contributes in growth and development of the society. It also focuses on ethical principles and or ethical problems that can arise in a business environment and there is vast literature regarding corporate social responsibility in which authors told that CSR is a community based development approach. According to the Bowen (1953) corporate social responsibility highlighted that company perform its functions in a way that must fall within the rules set by society and company operate as ethical agent in society.

## **OBJECTIVES OF THE STUDY**

These are the following objectives of the research study.

1. To explore the importance of CSR concept in entirely two different companies.
2. To compare the CSR practices of semi conductor manufacturer 'Intel' and Cigarettes manufacturer 'Pakistan Tobacco Company'.

## **LITERATURE REVIEW**

CSR is a combination of three words, Corporate, Social, and Responsibility. Looking in to their separate meaning then it provides the extensive understanding of significance of the combination. (Sims, 2003 ) defined corporate social responsibility as commitment of the business to behave ethically while improving the quality of work life of their employees and contributing positively in the economic development of the society. (Carroll, 1979) suggested that the corporate social responsibility of organizations or businesses encompasses both the economic, legal, as well as the ethical expectations that society has of organizations and consequently, corporate social responsibility comprised from ethical, legal and social aspects.

(Carroll, 1999) had pointed out that the corporate social responsibility practices are essential part of business functions, because it is a very important concept for all stakeholders and business communities. According to the (Mofid, 2003) in general ethical responsibility is related to our faith tradition. These traditions shaped by our religious practices. The traditions of the East are bit different from those of the Abrahamic religions. Humility and patience are important traditions for Hinduism. The mosaic traditions are not different from the Western traditions.

According to the definition given by (Hopkins, 2007) Corporate Social responsibility is to treat the stakeholder of the company in ethical and responsible manners. He told that ethical and responsible means treating stakeholders in manners that are widely acceptable by the societies. He defined social responsibility as economic and environmental responsibility that creates higher standard of living. (Horrihan, 2010) told that defining corporate social responsibility is the most difficult task due to confusion and disagreement worldwide about the meaning and idea of the CSR. He also suggested that Corporate Social responsibility reported in 'The Economist, 2008', for example it includes three broad layers such as CSR as a 'traditional corporate philanthropy', 'a benchmark of risk management' and 'opportunity based enhancement of business value and competitive advantage'.

Business practices of the company are dependent on the environment and communities' involvement and there is no strict law of corporate social responsibility. Its completely depends on the volunteer basis (Nazir et al, 2010). According to the findings of (Kendall et al, 1998) Good corporate governance includes an ethical approach, culture, society and the balance between the objectives of all stakeholders of the business. He also suggested that there must be accountability and transparency in every function of the business.

### **Corporate Social Responsibility Practices in two different Companies**

There is a great importance to implementation of CSR practices within the organizations, especially tobacco manufacturing and processing firms. The earlier books on corporate social responsibility is written by Brown in 1953 and he argued that social institutions shapes economic outcomes and it was to be expected that organizations as an economic outcome of societal interest should consider the social impact of business activity (Banergee, 2007).

## **Intel**

Intel is the world's largest semiconductor chip manufacturer. Intel makes integrated circuits for computing and communication industries. It serves customers in more than 120 countries and running its operations in more than 50 countries.

### **1. Products:**

Intel is producing different products. These include microprocessors, chipsets, motherboards, and wire-less and wired connectivity products, as well as platforms that incorporate software to enable and advance these components.

### **2. Corporate Social Responsibility:**

The Intel's corporate social responsibility report (2010) suggested that corporate social responsibility is not separate from our core business. It also suggests that CSR is commitment to ethics, transparency, collaboration and innovation.

### **3. Stakeholders Relations**

Intel's corporate social responsibility report (2010) told that Intel have close attachment to its all stake holder. Company takes their feedback and incorporated these ideas into the business planning. Intel uses some tools to take feedback from its stakeholder such as stake holders can creates their e mail accounts on Intel's CSR websites and provide feedback. The other tools include CSR Intel blog and twitter.

### **4. Water Use**

According to the Intel's corporate social responsibility report (2010) Intel is trying to reduce the wastage of drinking water. For this purpose Intel has developed innovative water conservation solutions and it shares these ideas with governments and other companies to use these innovative ideas.

### **5. Education**

Intel reported in its corporate social responsibility report (2010) that being a large and leading corporation, it's trying to help government around the world to achieve their economic and educational goals.

### **6. Recycling and electronic waste**

Intel has its own plants to recycle its chemical and electronic wastes generated in business operations.

### **7. Labor Safety Practices**

Intel has developed standards for its labors and these standards are implemented in a company.

## **Pakistan Tobacco Company**

### **1. Introduction**

There is more importance to follow the corporate social responsibility practices to tobacco industry. Tobacco is injurious to health and it is cause for lung cancer. European report on

tobacco control program was published in 2002, which suggested that the death rate due to lung cancer have increased (WHO, 2007). Pakistan Tobacco Company is a member of British American Tobacco, the world's one of the largest international tobacco group. It sells its products 180 markets around the world. Pakistan Tobacco Company Limited was incorporated in 1947 immediately after partition. Pakistan Tobacco Company is the first multi-national company that begins its business in Pakistan. The mother company of PTC is British American Tobacco is in same business from over 100 years and running its operations in more than 180 countries. PTC started production from just a single factory which is involved in every aspect of cigarette production, from crop to consumer, now company evolved into one of the leading corporations in Pakistan. More than 1,700 people are directly working in Pakistan Tobacco Company.

## **2. Products**

Pakistan Tobacco Company basically produces cigarettes. PTC is also its own supplier because company has farmers employed for tobacco crop.

## **3. Corporate Social Responsibility**

Pakistan Tobacco Company offers various benefits to the shareholders as well as all stakeholders. Pakistan Tobacco Company also supports communities, follows the ethical behavior and ensures transparency and accountability in every function of the business.

## **4. Health care programs**

Pakistan Tobacco Company participates in health care programs. It runs free dispensaries where doctors provide free medical services to the poor people.

## **5. Natural Disasters (Earth Quake 2005 & Flood 2010)**

Pakistan Tobacco Company provided free medical services during earth quake in 2005 and flood in 2010 at the effected areas.

## **6. Environmental Safety Programs**

Pakistan Tobacco Company is basically produce cigarettes and its production based upon tobacco crop. There is also use of pesticides and these chemicals can affect human health. PTC has implemented a well structured environmental protection program according to the internationally recognized best practices. Pakistan Tobacco Company's efforts has further been continued with national forum for Environment and Health awarding PTC the annual Environmental Excellence award on Health, Safety and Environment for 2006. PTC has been awarded the "EHS Excellence Awards" in the following areas in 2006 and 2007.

- ✓ Use of Cleaner Technologies
- ✓ Water Re-use
- ✓ Energy Conservation

## **7. Stakeholders Relations**

Pakistan Tobacco Company believes that more corporations include Corporate Social responsibility in their strategic planning processes and understand that their businesses

provoke a social cost which has to be balanced by keeping in mind the interests of all the stakeholders and communities involved.

## CONCLUSION

The basic purpose of this study was to find out the importance of CSR concept in entirely two different companies and to compare the CSR practices of semi conductor manufacturer 'Intel' and Cigarettes manufacturer 'Pakistan Tobacco Company'. After reviewing the literature and analysis of data of two companies regarding corporate social responsibility practices we found that both companies have well established system of CSR. These companies are using different programs of CSR such as environmental safety programs, health care programs, and water cleaning system. These companies are also contributing effort in education sector. It is the company's ethical responsibility that to prevent the environment from pollution. Intel and Pakistan Tobacco Company have their own waste recycling plants where they recycle wastage of the factory. When we compare the CSR practices of both companies with each others then we found that due to different business and processes companies use some different CSR practices but if we examine the CSR practices then it shows that there is no big difference exist in the practices. A researcher (Mofid, 2003) told that the corporate social responsibility concept is completely depends upon out traditions and religion. The people belong to different religions and regions could have some different CSR ideas. Same in the case of Intel and Pakistan Tobacco Company, due to different locations and industries the corporate social responsibility concept are shaped by the regions, industry, locations and company's strategies itself.

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