

Corporate Citizenship: Comparative Analysis of Islamic Republic Developed Countries on CSR (Corporate Social Responsibility) Practices in Governmental Sector

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Abstract: This research is conducted to study various practices of CSR in governmental sector with Islamic republics. Islamic republics are those countries that wholly depend on Islamic values. There are basically four types of Islamic republics registered under United Nations. They are Islamic Republic of Pakistan, Islamic republic of Iran, Islamic republic of Afghanistan and Islamic republic of Mauritania. Research is done on Pakistan, Afghanistan and Iran. The infrastructure of the governments varies among these countries but have similar Islamic values and constitution. The study depicts if governments use CSR practices for the welfare of the society or not. CSR activities are highly used in all sectors of the world. Sectors include business, non-business, profitable or non-profitable organization. Some examples are given to see the trends of CSR activities in governmental organizations with respect to their countries. The study shows that there are many activities, which tend to enhance the corporate citizenship. After enlightening the current CSR activities common practices with CSR approach is proposed with government, private and international sector with economic, social and environmental aspects. CSR can be implemented by a proper plan or process. There is no single strategy to achieve your goal or objectives. Systematic activities will result in authentic outcome. It is concluded that Islamic republics are adapting CSR practices for the welfare of its well-being and the society at the same time. Government is the main foundation and representation of the country. It is responsible for the development of the country. CSR activities result in further development of the country because it works in three aspects economic, social and environmental.

Key words: CSR corporate social responsibility • Corporate citizenship • Islamic republics • Government Role • CSR Approach and CSR Strategic Process

INTRODUCTION

This research is done to compare CSR corporate social responsibility practices in government sector of Pakistan and other countries such as USA United States of America, China, Japan and India. The first part of the search defines what is corporate citizenship and corporate social responsibility CSR, why is it important and why is everyone focusing on undertaking CSR activities. The second part of the research positions CSR corporate social responsibility practices done by government sector. The main focus of research will be Pakistan and comparative analysis of different countries with Pakistan.

Corporations all around the world are struggling to implement this new role of citizenship and responsibilities toward society and environment. Everyone in this world living is contributing one-way or the other. Hence it is sense of duty of every citizen to contribute justly [1].

Organizations have developed variety of strategies to deal with the integration of business activities with environmental, social and legal imperatives. This doesn't only correspond to business-oriented organization or profit-oriented organizations but overall entities such as non-profit organizations and government sector.

Corporate Citizenship CC: Corporate Citizenship is a concept with multiple definitions. Investors use an internal definition including transparency, governance and ethics as key citizenship elements. Others often define as the full range of both internal and external corporate activities that contribute to the well being of society; those which embrace the related concepts of sustainability and corporate social responsibility (CSR) [2].

The word corporate is defined as a single legal entity, which is separate from its owner. Corporations have the rights and responsibilities that an individual possesses; that is, a corporation has the right to enter into contracts, loan and borrow money, sue and be sued, hire employees, own assets and pay taxes [3].

Shareholders who own the company represented with their amount of stocks form corporation. Shareholders elect the board of directors and appoint the management as well. Although there are many organizations that not only make profits but majority of the organizations have goal of maximization of shareholders profit. Eventually when an individual buys a stock he or she becomes the owner of the company.

Citizenship directly relates to rights and duties. Therefore the corporate citizenship ship narrates the rights and duties of corporation towards the political, social, economic and legal factor. As defined earlier, corporate citizen relates to the concept of sustainability and corporate social responsibility.

Corporate Social Responsibility: Corporate social responsibility is defined as: Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. [3] (*Lord Holme and Richard Watts*).

Different organizations have defined corporate social responsibility differently but it can be referred as how companies manage the business processes to produce the overall impact on the society. The overall impact on the society consists of market place, the quality of management and business process with stakeholders. The stakeholders can be internal and external.

Islamic Republics: Islamic republic is given name to several countries ruled by Islamic laws such as Islamic republic of Iran, Islamic republic of Afghanistan, Islamic republic of Pakistan and Islamic republic of Mauritania.

Pakistan adopted the title under the 1956 constitution. Mauritania adopted it on 28 November 1958. Iran adopted it after the Iranian Revolution 1979.

An Islamic Republic is a state under a particular Islamic form of government. They see it as a compromise between a purely Islamic Caliphate and secular nationalism and republicanism. In their conception of the Islamic republic, the penal code of the state is required to be compatible with some or all laws of Sharia and the state may not be a monarchy as many Middle Eastern states are presently [4].

Islamic Republic of Pakistan-federal Government: Pakistan is originally named as the Islamic republic of Pakistan. Islamabad is the capital of Pakistan and it has four provinces Punjab, Sindh, Baluchistan and NWFP. The total population in Pakistan was last recorded at 178.9 million people in 2012 [5]. Current president of Pakistan is Asif Ali Zardari who was elected in 2008. Previously elections were held in 2013, PML (n) won the majority votes and seats. Nawaz Shareef is the new prime minister of Pakistan under the year 2013.

Islamic republic of Pakistan is a member of United Nations (UN) and has 442 legislative seats. The total length of the governmental term is 5 years [6]. Following is the layout of federal government of Pakistan.

Islamic republic of Iran- Federal Government: Iran or Persia originally known as Islamic republic of Iran. Tehran is the capital of Iran [7]. Official Language of Iran is Persian. The total population of Iran is 77,176,930 [8]. Iran adopted the title of Islamic republic of Iran in 1979 under the Iranian revolution. Ali Khamenei is the supreme leader and Hassan Rouhani is the president of the Islamic republic of Iran.

Islamic republic of Iran is a member of United Nations and has 290 legislative seats. Last legislative elections were held in 2008 and executive elections were held in 2009. The total length of governmental term is 4 years [9]. Following is the governmental layout of the Islamic republic of Iran:

Islamic Republic of Afghanistan - Federal Government : Afghanistan is officially known as Islamic republic of Afghanistan. Kabul is the capital of Afghanistan. Pashto is the official language. Hamid Karzai is the president, Mohammed Fahim Karim Khalili is the vice president and Abdul Salam Azimi is the Chief justice. The total population of Afghanistan is 31,108,077 [10]. Afghanistan adopted it after the 2001 overthrow of the Taliban.

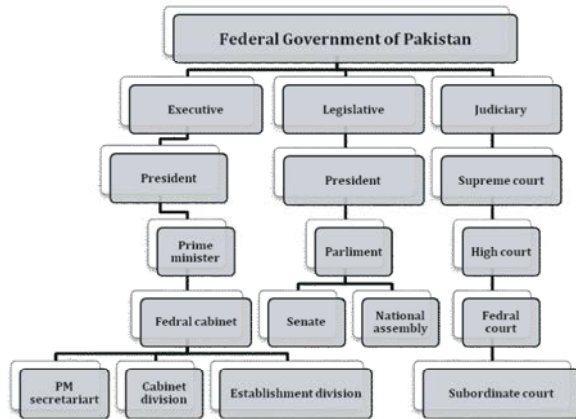


Fig. 1: Federal government- Structure

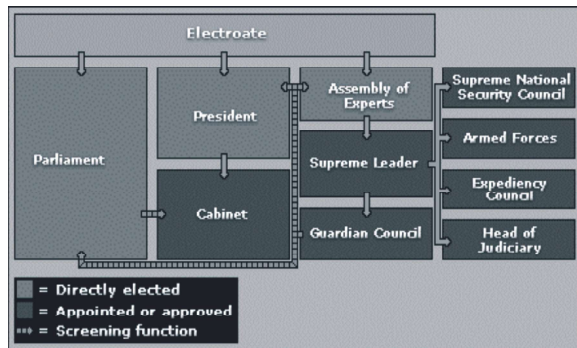


Fig. 2: Federal Government of IRAN

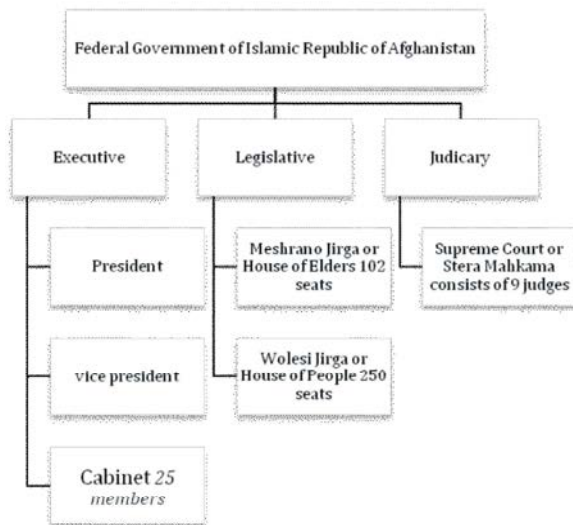


Fig. 3: Federal Government of Afghanistan

Afghanistan is the member of united nations UN and has 249 legislative seats. Afghanistan is divided into 34 provinces: Badakhshan, Badghis, Baghlan, Balkh, Bamyan, Daykundi, Farah, Faryab, Ghazni, Ghor, Helmand, Herat, Jowzjan, Kabul, Kandahar, Kapisa, Khost, Kunar,

Kunduz, Laghman, Logar, Nangarhar, Nimroz, Nuristan, Paktika, Pakiya, Panjshir, Parwan, Samangan, Sar-e Pul, Takhar, Uruzgan, Wardak, Zabul [11]. Following is the government structure of Islamic republic of Afghanistan:

CSR Practices in Government Sector

Role of Government: The proper role of government is built up a system for governing laws and providing fair rights to the citizens. It has the responsibility for developing and implementing laws. The Government also needs to protect its citizens from enemy aggression, poverty, hard economic times, injustice, etc.

The other aspect of the role of government is up bringing of the nation and helping out the citizen from overall crisis. Up bringing of the nations means the progress and development of the country. The country or nation will be developed when the citizen will be able to compete themselves in the nations war and race. From here I would like to integrate corporate social responsibility CSR. How is government using corporate social responsibility for the welfare and upbringing of the nation?

Islamic Republic Governments and Their Role:

Islamic republic governments follow the Islamic laws. Therefore countries that follow Islamic laws, shariah and consitution take the title of Islamic republics (*refer to 3.0*). The role is same as anyother government but following its activities in the boundaries of Islam. We will further discuss their role in CSR corporate social responsibilities and compare different strategies of Islamic republics.

CSR Practices Pakistan: Pakistan is a developing country and struggling for its success. Many of the companies in Pakistan are implementing CSR for sustainability and enhancement of the business organization. CSR Pakistan is the pioneering organization dedicated to raising awareness, creating research and knowledge about CSR & Sustainable Development in Pakistan. Since early 2007, we have been conducting development research, case studies and disseminating information about how tangible examples of CSR could expedite socio-economic development in Pakistan [12].

Similarly The CSR Association of Pakistan promotes CSR principles and practices to businesses in Pakistan because it makes companies more innovative, productive and competitive [13].

Unilever CSR Initiatives: One company that has been exemplary in its CSR initiatives is Unilever. CSR program titled the Unilever Sustainable Living Plan has covered a wide domain of areas that has considerably impacted the society and the underprivileged people. According to the Sustainable Living Plan, the company has outlined a number of goals to be achieved by the year 2020. Such as:

- Reduce the Environmental Impact of their products through reduction of greenhouse gases, optimization of water usage and waste management
- Enhancing Livelihoods by rural programs and creating opportunities through enhanced distribution and empowerment through education
- Improving Health & Hygiene by helping more than 68 million people take action to improve their health and well being through our personal care products. Nutrition enhancement to reduce salt and calories in our food brands.
- Promoting Sustainable Workplaces by improving employees' lifestyles, encouraging diversity and creating an environmentally friendly office.

Through this program they have reached 6.2 million people in the year 2010. In their health and hygiene program, they have managed to reach approximately 5.2 million people, under their nutrition program 82,608 meals were provided to the world food program, under their environment initiatives they managed to reduce carbon footprint through Unilever Head Office Initiatives by 16 per cent. They also took part in flood rehabilitation program by contributing Rs2.43m towards flood relief and rehabilitation work [14].

Engro Corp: Engrocorp has been ranked as Pakistan's leading company for CSR corporate social responsibility. Engro has also achieved the distinction of being the only Pakistani company included in the ASR (Asian sustainability report). The Company's CSR activities can be broadly classified into four main categories namely, forestation, water conservation projects, school support and scholarship programs [15].

CSR Practices in Governmental Sector of Pakistan: Government of Pakistan is struggling since its creation. All the leaders try to fully implement all kinds of strategies for the welfare of the country but this country still is lacking behind because of lack of awareness. The government of Pakistan also have comprehensive CSR

policies for example law against child labor, "No child below age of 14 will be engaged in any factory, mine or hazardous employment." Some of the important laws are: [16].

- The Factories Act 1934?
- The West Pakistan Shops and Establishments Ordinance 1969?
- The Employment of Children Act 1991?
- The Bonded Labour System Abolition Act 1992
- The Punjab Compulsory Education Act 1994

Ministries incorporate CSR activities so that they sustain and help the social community of Pakistan. In this way they insure other of the work that's being done. This overall helps the community and human resource. There are many Pakistani public industries who are walking on the steps of CSR, following are some of the names:

- Pakistan petroleum
- Pakistan state oil
- Pakistan telecommunication limited
- Wapda water and power development authority
- Sui Southern Gas Company (SSGC)
- National Foods Pakistan Limited

Pakistan State Oil: Pakistan state oil has created its social dimension. It has become integral part for the business. PSO has been very long part of the government since 1970. Its main contribution of CSR is towards education, health, care and community building, which entail activities for women empowerment, children welfare and relief effort after the natural calamities. It provides assistance to colleges and universities scholarships such as LUMS, UET, UMT LSE etc. similarly it provides assistance to health care units such as National institute of cardio Vascular Diseases, Karachi. PSO is supporting NGO's for community building for vocational trainings. PSO has been contributing in the previous calamities occurred kitchen utensils, blankets, mineral water, medicine and necessities were provided.

PTCL Pakistan Telecommunication limited: PTCL is contributing for the better standard of society as whole. It has been contributing in the following areas:

- PTCL employees donate One-Day salary for IDPs internally displaced people
- Donation to SOS villages

- Scholarships for persons with disabilities
- Donation to victims of Baluchistan earthquake
- PTCL Getting environmental friendly

CSR Practices in Iran: Iranian NGO's and business corporations are continuously promoting CSR as an important instrument. A group of NGO's have joint with UNDP to promote CSR. New laws and regulations in Tehran exchange stock are putting pressure on listed companies to become more accountable in their business activities. These regulations oblige the listed companies to take part in the environmental protection and sustainable development [17].

CSR Practices in Governmental Sector of Iran: Governments play a critical role in shaping up industries in their respective countries, supporting them with infrastructure and other facilities and at the same time, putting appropriate laws, regulations and compliances. The government of Iran is focusing on three areas of CSR such as workplace, environment and community. Following are some of the mentioned example taken from literature review:

Department of Environment: Department of environment pursue plan to force companies to take care of environmental issues. This organization follows policies for enabling, punishing and acknowledging companies. For example training is given to those companies which show less concern about the environment

Ministry of Work and Social Affairs: The most important contribution of the Ministry of Work and Social Affairs in promoting CSR is planning the National Development of Decent Work Program. According to this program Decent and appropriate work should provide present and future living of employees, investors, managers, employers and their families, evading intellectual damages to them; go with sustainable development and growth of the country; and protect environment and its sustainability. Decent Work is based on factors: freedom, equality and security.

CSR Practices in Afghanistan: Afghanistan is one of the developing countries. It is ranked least countries among the 169 countries. From the past decade, companies and organization are trying to improve the society and community. Afghanistan has been attracting attention since 2001 and has been characterized as the most fragile and least developed state. After the event of 9/11 it has

been struggling and USA control most of the parts of Afghanistan. Afghanistan has very low GDP is 18.03 billion (world bank). It is very low compared to other Islamic republic; Pakistan GDP is 231.2 billion USD (2012); Iran GDP is 514.1 billion USD (2011) [18].

CSR Practices in Government Sector: Governments play crucial role for the development of the country. They are the backbone of the country. Hence after being a developing country, Afghanistan has been promoting CSR through human rights, sanctions and contributions. Following are some of the companies contributing to CSR:

Watan Group: The Watan Group is a wholly Afghan owned company-providing services in security, logistics, construction, communications (mobile, satellite and static), oil and gas, steel and mining. Watan Group directly contributes to the longer-term sustainability of Afghanistan through their corporate social responsibility policies. Following are some of the programs through they attain longer sustainable environment: [19]

- Funding and building of wells ?
- Providing computers and internet to schools free of charge
- Supporting local youth and education programs
- Providing food, clothing and blankets to refugee camps
- Supporting health awareness initiatives

Etisalat: Etisalat is a telecom company. It is becoming the largest telecom group from Asia to Africa. They value that their remarkable success across continents is attributed to the way they conduct their businesses responsibly towards the community operated in. some of the initiatives are following: [20]

- Constructions of mosque
- Development of sport at grass root level
- Supporting education
- Annual Holy Quran awards
- Food distribution activities
- Hajj events

CSR WORLD: CSR Activities are planned and carried all over the world such as Europe, US, Canada, Brazil, Germany, France, Russia, China, India Japan. Around the world, the majority of consumers feel both individuals and corporations are having some degree of positive influence

Table I: Top 10 Companies with best CSR reputation worldwide

NO.	COMPANIES	Founded	Stock Price 2013
1	Microsoft	April 4, 1975 Albuquerque, New Mexico, United States	US\$37.78+0.28 (+0.75%)
2	Google	September 4, 1998	US\$1,016.03+8.08 (+0.80%)
3	The Walt Disney Company	October 16, 1923, Los Angeles, California, United States	\$68.58+1.43 (+2.13%)
4	BMW	March 7, 1916, Milbertshofen-Am Hart, Germany	_81.77-0.05 (-0.06%)
5	Apple	April 1, 1976	US\$520.56+8.07 (+1.57%)
6	Daimler (Mercedes-benz)	June 28, 1926	59.470 EUR
7	Volkswagen	May 28, 1937	_192.35-0.75 (-0.39%)
8	Sony	May 7, 1946	¥1,649-45.00 (-2.66%)
9	Colgate Palmolive	1953	US\$64.83+0.03 (+0.05%)
10	Lego Group	1932, Billund Municipality, Denmark	-

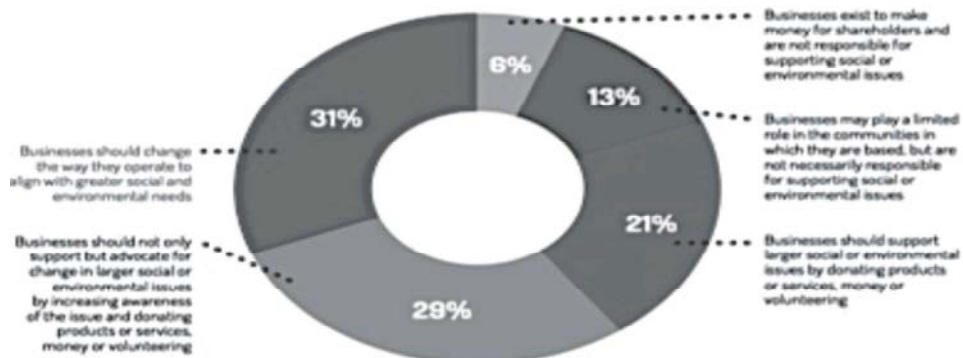


Fig. 4: Business Role In society (ref: Global CSR study 2013 Cone Communication)

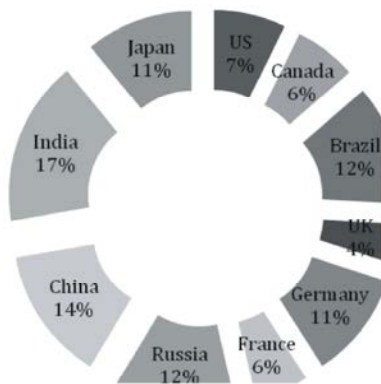


Fig. 5: Companies CSR Impact worldwide on society and environmental issues (ref: extracted from cone communication 2013)

on social and environmental issues; however, just one-quarter feels either is making a significant impact. CSR practices have been proven to be advantage for the whole world. CSR has three approaches social, environmental and economical. These activities directly correspond to these factors. Businesses may vital role in the society. Following is the role of businesses in the society:

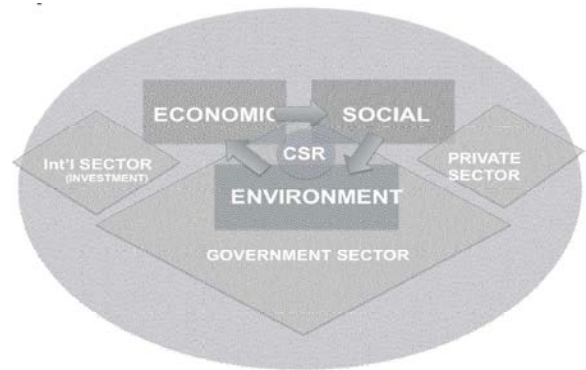


Fig. 6: CSR approach

Top Ten Companies with Best Csr Reputation All over the World:

CSR Approach: CSR as defined is a responsibility of a corporation, business, entity or government towards society and community. This includes ethics and contribution to economic development for improving the quality of lives as a whole. Figure 6 shows the overall approach of CSR in government sector, private sector and international sector (foreign investment). CSR is simplified in three sectors economical, social and environmental. Implementing CSR practices in private sector (businesses)

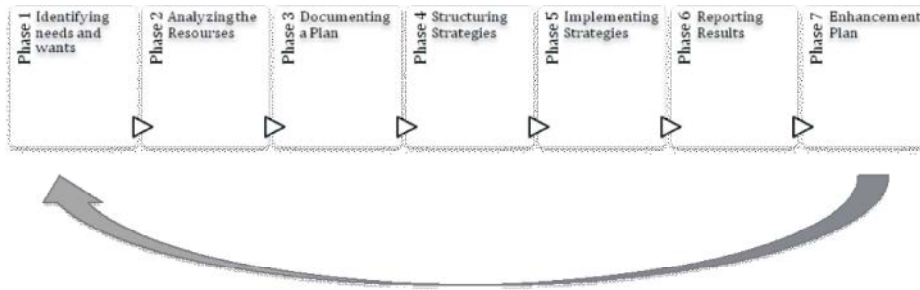


Fig. 7: CSR Strategic Process Cycle

not only help them sustain long term but improve the quality of lives. Governmental sector is implementing CSR practices for the welfare of the nation.

The above study implies that CSR practices in Islamic republics bound to their requirement. The need and requirement can be published in the strategic plan under the CSR mission. After the implementation the results show over benefit to the nation as whole.

Another Perspective came out that the Nation implementing the most of the CSR activities acquire improvement in the GDP Gross Domestic Product. There is no single strategy for CSR but by implementing a designed and organized plan to achieve respective goals and objectives. It can be referred as a systematic CSR approach adopted by Government sector, public sector, or business- oriented sector.

CSR Strategic Process Cycle:

Identify the Needs and Wants: The first phase of the CSR Strategic Process Cycle is to identify needs and wants of the CSR Policy. This phase answers the question where is CSR policies needs, what are the needs, what benefit will it give. It gives an overall general approach.

Analyze the Resources: The Second phase of CSR Strategic Process Cycle is to Analyze or calculate the available resources. A detail document on the analysis of the requirement and resources created in order to get authority on the plan. If it is feasible then a proper plan is documented in the next stage

Documenting a Plan: The third phase Of CSR strategic Process Cycle, after the feasibility report a detail plan is created. The document help in clearer vision of what will be done

Structuring Strategies: Fourth phase structures the strategies of CSR process. This defines how will it be done?

Implementing Strategies: The most important phase is implementing strategies. The strategies defines in the previous phase are brought in action.

Reporting Results: After the implementation phase, results are monitored for evaluation and reporting.

Enhancement Plan: The last phase of the CSR strategic process is to find further improvement or CSR plan for enhancement. The process is continuous after the completion is goes the first phase of the process.

CONCLUSION

CC- Corporate Citizenship is the activity of a corporation organization for the well being of society. Islamic republics are countries that solely constitute on Islamic values. Islamic republics use CSR as a tool for its welfare and development. Governments implement strategies for sustainability and long-term survivals. The findings in the research paper show Islamic republics implement CSR practices. Countries like Pakistan, Afghanistan and Iran are struggling for a position in this world. They need to implement more CSR activities in government sector, as it is responsible for the foundation of the country. CSR for everyCountry is different, emerging and developing countries. Globally companies have impact on the social and environmental issues. Companies with best CSR reputation lead their way to sustainability [21-23]. There are top ten companies with best CSR practices such as Microsoft, apple,sony etc.

Government can promote their values through CSR nationally and internationally. All organization have their goals and objectives, to achieve these goals organization can implement practices through systematic process or plan. The process begins with the identification of needs and wants, analyze the resources and documenting a plan. After this strategies are structures following with implementation of these strategies. Results are monitored

and reported, they are reported for evaluation. Plan is enhanced for further requirements and enhancements. The process can help the organizations or government to accomplish the goals and objectives.

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