

CORPORATE SOCIAL RESPONSIBILITY FROM THE PERSPECTIVE OF
NEPALESE CORPORATE SECTOR WITH FOCUS ON EDUCATION

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DEDICATION

This dissertation is dedicated to my family and well-wishers.

DECLARATION

Unless expressly acknowledged in the dissertation, the text, analysis and in general the substance of my dissertation are my personal individual work. The data therein are real and not fabricated.

ABSTRACT

The main objective of this study is to explore the knowledge, perception, practices, preferences and challenges of CSR in select business organizations of Nepal. Two theoretical perspectives namely institutional theory and re-distributive theory have been adopted in the research.

I employed the qualitative approach and applied qualitative inquiry for the study. I used interviews, journals and study materials as research tools. I used interview guidelines to collect the perceptions of school principals, CSR experts, CSR officers, bankers, owners of companies and government officials on CSR

This study suggests business organizations performed CSR activities due to their feeling of social responsibility and moral obligation. CSR was also considered for creating brand awareness and seeking legality for organizations' dealings. The finding also suggests organizations prefer to direct their CSR activities toward the educational sector as feedback is tangible and key result areas are measurable. The challenges of CSR in Nepal are lack of documented policy and inclusion of CSR as a corporate strategy.

The findings suggest there are lots of expectations from business organizations and that they are willing to be socially responsible but expect the government to act as facilitator to encourage organizations towards CSR. Business organizations have focused mainly on philanthropic activities, which have become akin to tradition passed on through generations.

Business entities are willing to engage in much wider and problem solving roles. However, CSR, activities seem to be more in keeping with the interest of organizations rather than having a real social impact. CSR , appears to have been undertaken with the

understanding that we should do it rather than on the basis of the philosophy ‘why not do it’?

This dissertation entitled ‘*Corporate Social Responsibility from the Perspective of Nepalese Corporate Sector with Focus on Education*’ was presented by Kapil Sharma Khanal on 9 July 2012.

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ABBREVIATIONS

CR	Corporate Responsibility
CSR	Corporate Social Responsibility
NGO	Non-Governmental Organization
SR	Social Responsibility
TNC	Transnational Corporations
SME	Small Micro Enterprises
GNP	Gross National Product
GDP	Gross Domestic Product
CEO	Chief Executive Officer
IIED	International Institute for Environment and Development
SAARC	South Asian Association for Regional Cooperation
SSR	School Sector Reform
UK	United Kingdom

CHAPTER I

INTRODUCTION

I would like to start my research by giving an account of who I am and why I have chosen to study the subject of Corporate Social Responsibility in the perspective of Nepalese Corporate sector. I have worked in the banking industry of Nepal from 1986 and have had the opportunity to see the country move from a controlled economy to a free market economy introduced through liberalization in 1992. Banks and other organizations from the corporate sector in Nepal have been regularly approached over the years by people from various walks of life for voluntary, charitable contributions or financial sponsorship in support of various social or promotional campaigns being undertaken.

While working as a branch manager in the branch office of a bank in Birgunj in 1992, it was interesting to see the local business community people come out openly with charitable donations for people affected by natural calamities like floods and wildfires. To my query, the donors would answer this was their way of giving back to the society and that it gave them satisfaction. This was my first observed experience related to fulfilling social responsibility. Over the years, we still see members of our society continuing the act of voluntary contributions and involvement in social responsibility activities, except the term now being used is fulfilling corporate responsibility, not donations or social service. Moreover, it is done in the name of companies, rather than in an individual's name.

Corporate Social Responsibility (CSR) has of late become a subject of increased attention both in the academic and corporate arena. It is variously used to

signify legal responsibility, fiduciary duty, legitimacy and charitable contributions (Boal & Peery, 1985).

In general, CSR can be termed as fulfillment of voluntary obligations to commit to social and environmental issues. Different organizations approach CSR with different perspectives, being influenced by regional, national, cultural factors etc. Milton Friedman (1962) believed the social responsibility of business was to maximize profit operating within the framework of law. This was the norm in which business entities mostly operated. However, in recent years, there have been growing pressures from non-governmental organizations, who have come up with the concept that companies have various groups of stakeholders rather than just the shareholders of the companies.

Garriga and Mele (2004) suggested that a company has responsibilities towards all stakeholders i.e. investors, employees, the community etc. Carroll (1999) defined corporate responsibility as: “A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account its employees, suppliers, dealers, local communities and the nation” (p.273).

The traditional thinking was that the government has answers to all the problems of society. However, in the new world order it has been amply demonstrated that other sectors of society can also provide solutions. The focus of business organizations has expanded beyond maximization of profit to social and environmental issues as well. In the international arena corporations such as Shell, British Petroleum, Cadbury, Starbucks, Marks and Spencer’s, Kellogg’s are renowned to have implemented CSR focusing on staff welfare, environmental issues with

sustainability motive. Philanthropists such as Bill Gates and Warren Buffet have also contributed to changing the outlook of companies to serve the poorer people.

Any organization behaving in a socially responsible way can be termed as fulfilling its CSR. The initial definition of social responsibilities of businessmen was described as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”(Bowen, 1953, as cited in Carroll , 1999, p.270). The corporate behavior could include how a firm treats its employees, its customers, the environment and so on.

According to Moon (2002) CSR is the voluntary contribution of goods, services and finance to a community. Campbell (2006) views corporations as acting in a socially responsible manner if they knowingly do not do anything that could harm their stakeholders and if they do harm their stakeholders they must rectify it whenever it is discovered and brought to their attention. Carroll (1999) maintains that all corporations hold economic, legal, ethical and philanthropic responsibilities beyond the notion of simply complying with laws and avoiding harm to societies to an expectation that business organizations actively contribute to the public good.

It is essential to explore why companies would be attracted to CSR and/or what behaviors or institutional conditions influence CSR. Crouch (2006) says CSR constitutes good risk management. The new concept of social responsibility recognizes the intimacy of relationship between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related group pursue their respective goals” (Walton, 1967, as cited in Carroll, 1999, p.272).

It is natural for companies who make profit to be involved in charity or philanthropy compared to companies who have weak financial performances since doing charity requires companies to have profits that can be distributed.

Campbell (2006) states there are several other conditions besides profitability such as well enforced state regulations, a system of well-organized and effective industrial self- regulations, presence of private independent organizations (NGOs, Press, Regulators) who monitor their behavior and when necessary mobilize to change it. Social responsibility or social corporate behavior is institutionalized in which corporate managers participate. Transparency in dealings, disclosures and communication etc. influence companies to be involved in CSR.

Tolbert and Zucker (1983) are of the view that regulation forces companies to adapt more quickly than if companies remain unregulated. Crouch (2006) argued “that the ideology of profit maximization as sole goal for managers has created amoral managers and makes the potential for possible major scandals larger. Managers must be trained and rewarded to obey principles and law with long term corporate interest in view (p.1542).

Though the concept of CSR has been widely accepted and recognized by organizations in Nepal, it is yet to be widely practiced. A study, conducted by Lotus Holdings Private Limited in the year 2003 at the initiative of Action Aid Nepal to assess the status of CSR in Nepal concluded that a miniscule group of companies were embedding the CSR spirit in their company philosophy and that sensitizing and creating awareness program was needed to effectively bring CSR into wider practice. CSR’s scope is wider and its potential for development and advancement of education

is undeniable. CSR can be a viable alternative source of financing in the educational field.

There are a number of organizations in Nepal who have been involved in social responsibility activities. Chaudhary Group, Dabur Nepal, Kedia Organization, NABIL Bank, Panchkanya Industries, Standard Chartered Bank Nepal, Surya Nepal, Vaidya Organizations of Industries and Trading Houses, are some of the known entities practicing CSR in some form. Involvement of business organizations in CSR have been in building waiting sheds, hospitals, conducting health camps (eye, dental, free health service), sponsoring sporting activities and providing educational scholarships. Industries such as Dabur Nepal and Surya Nepal are also known to have taken the initiative in agro farming of herbs, tobacco leaf in order to ensure sustainability of resources and environmental balance. Chaudhary Group has been investing in education sector.

The CSR initiatives are however far and few in Nepal and companies are involved in CSR activities simply to fulfill legal obligation. Lotus Holdings Private Limited in its study in 2003 at the initiative of Action Aid Nepal CSR concluded companies are largely unaware of the terminology CSR and implement CSR as a legal obligation rather than social responsiveness or social responsibility.

The political change brought by People's Movement II (Janaandolan II) has resulted in increasing demand for transparency and expectations by the people that government and private organizations measure, report and continuously improve their social, environmental and economic performance. The general public is seeking transparency and dissemination of information so that organizations ensure rigorous compliance with laws, regulations and ethics reflecting improvements and review

their work operations. Drucker (1973) put forward the view that the social responsibility of business is to convert social problem into economic opportunity and economic benefit into productive capacity, into human competence, into well-paid jobs and into wealth.

CSR delivers best when it is institutionalized and to be a part of the organizational culture it has to be adopted on a long term basis and persisted upon. Carroll (1999) remarked that CSR involves setting of objectives, deciding whether to pursue the given objectives and the financing of these objectives (p. 277). Scott (1987) stated that institutions adapt over time evolving historically and that values create long term stability and persistence of organizations.

Problem Statement

Nepal has per capita income of around US \$ 470 per annum and its economy is agrobased with around 67% of the population depending on agriculture (Central Bureau of Statistics Nepal, 2010). Poverty is widespread and a major challenge for the country. Poverty is due to consequences of a cyclical process involving illiteracy, size of families, depletion of natural resources and rapid and high population growth.

Development activities have been concentrated in a few developed areas thereby depriving the rural people and remote areas opportunity for change. The government has to allocate and distribute scarce resources to all sectors be it education, health, infrastructure, social welfare. Since the government cannot fulfill all the social requirements, the corporate sector which contributes a lot to the economic welfare of the country must take further initiatives to fulfill some of the social responsibilities not met by the government.

CSR is a contemporary issue in the modern organization which has a great role in education sector to equalize society and to enhance the education status of the nation. However, there has been no in-depth academic research in this field so that the perception of people and practices of CSR in the corporate organization have not explored as how people perceive about CSR in terms of its meaning and importance. There has also not been a study on the contributory potential of CSR and it may be pertinent to explore how CSR can be activated to substantiate development initiatives including enhanced reforms in education.

Purpose of the Study

The main purpose of this qualitative research is to explore the perception and practices of CSR with respect to business organizations of Nepal. This study also explores the contributions made by the business sector, as part of its CSR activity in developing education opportunities in Nepal. The study also focuses on the management of CSR strategy and implementations, preferences, problems and constraints, and opportunities available. More specifically the research explores how business organizations perceive directing CSR in the educational sector.

Research Questions

Reflecting on the purpose of this research some specific questions have been framed.

They are as follows:

How do research participants perceive CSR?

How has CSR been practiced in the selected Nepalese business organizations?

How can CSR initiatives be directed towards supporting the educational sector?

How has CSR been institutionalized and what are the challenges and problems?

Rationale of the Study

Corporate Social Responsibility is a new field of study in the modern corporate world. It is accepted as a means to corporate governance. CSR not only sustains the business organization it also plays a vital role in developing society and the nation. The people in the organization must have good knowledge of CSR to sustain their businesses and people outside the organization must have information about CSR to fulfill their basic rights. Parajuli, Bhattarai and Thakur (2011) are of the view that despite its immense value and utilization in the business sector as well as in aspects of national and local development, very few academic researches' have been carried out in Nepal in the field of CSR.

Visser (2008) states there is dearth of international researches which surveys the nature and extent of CSR in developing countries and research into CSR in developing countries is still relatively underdeveloped and tends to be ad hoc with a heavy reliance on convenience based studies or descriptive accounts.

Parajuli, Bhattarai and Thakur (2011) state that in Nepal there is little conceptual and operational understanding of the functioning of CSR and its relationships with education and training. According to Visser (2008) in developing countries, CSR is most commonly associated with philanthropy or charity, i.e. through corporate social investment in education, health, sports development, the environment, and other community services.

Kumar (2004) states that research in several developing countries indicates a strong link between sustainability and business success leading to significant business

opportunities. These include cost saving from increased labour productivity, developing human capital through effective human resources management, reducing risks through better management of social expectation, high standards of corporate governance and governance structures, transparency and disclosures.

The study will try to identify how the business community in Nepal understand CSR, what motivates or encourages business people to undertake CSR activity, what do they intend to achieve through their CSR activities, what type of activities are preferred by the business community and what initiatives have been taken in education. The research will try to analyze how the corporate sector of Nepal can be directed to focus their CSR activities in the educational field.

Sharma (2011) noted that most of the CSR studies conducted so far have been in the context of developed countries such as Western Europe, the USA and Australia and too little is known about practices in smaller and emerging countries. There is limited research done in the context of implementation of CSR practices in Nepal and availability of research with focus of CSR on education in developing nations is very limited. Thus, the current research will be helpful to people working in the business sector of Nepal to gain insight and understand the benefits of undertaking CSR initiatives and the benefits that can accrue such as ensuring sustainability of their organization, boosting image of organization, increased trust on the part of the customer and general public, growth in business partner etc.

This research will also be fruitful for the general public in understanding if business organizations are willing to assimilate fulfillment of social causes that can safeguard their basic right in areas such as education.

Godbole and Karkara (2007) viewed CSR as a very new concept in the business community of Nepal and they differ widely from the one understood in industrially developed countries. They further added that it revolves around charitable activities and that it will take considerable time and effort to promote CSR within the corporate and business world in Nepal.

Parajuli, Bhattarai and Thakur (2011) stated that CSR of business houses in Nepal has remained sporadic, ad hoc, and disorganized. It, therefore, deserves strong advocacy, popularization, and organized and institutional supports, for which a strong conceptual framework needs to be developed through empirical research to prepare suitable and concrete promotional strategies in the Nepalese context.

The availability of research on CSR in Nepal is limited, it is a new concept among the business community of Nepal and is understood differently from industrially developed countries. The lack of understanding about CSR could result in failure to achieve desired results in bringing changes in society through the CSR of business community.

This study will be relevant for the business community in Nepal where businesses are slowly and gradually becoming aware of and interested in CSR. Similarly, this research will help policy makers of Nepal to include the issues of CSR in Nepalese development policy and expand the role policymakers can play. The research will also be helpful for future researchers who will be interested in exploring meaningful researchable issues in CSR like knowledge and perception, challenges and problems, accruable benefits, institutionalizing good practices of CSR.

Ultimately, this research will be helpful to all those people who have interest in channelizing CSR in the field of education. This research will explore the ways in

which business organizations are inclined to channelize resources in education as contribution to social causes and development of educational field. The meanings derived from this research will be helpful in establishing linkages between CSR initiatives in the educational field.

Delimitation of the Study

Carroll (1999) stated “there are many aspects to define CSR of an organization like economic benefit, legal compliance, ethical behavior and voluntary or philanthropic activities of corporate body” (p. 286). Within the philanthropic aspects an organization can involve in various activities of various sectors like: health, education, sports, agriculture, environment and sustainable development and many more fields.

Even though there are various aspects of CSR, this study primarily focuses on how business organizations can assist the educational sector so that people from marginalized groups and students from economically poor background are not barred from education due to lack of proper support. I have not attempted to explore if CSR could be a tool for improving the standard of education, is being involved in the teaching profession itself a socially responsible act, or whether educational institutions themselves are being socially responsible. The research will also not study what improvements CSR will bring with regard to profitability or stock performance of companies.

This research is an effort to explore and analyze contributions made by the business sector in the field of CSR and can be helpful in enhancing our understandings of how the business sector could contribute to societal development.

This knowledge is important also in the sense that the business sector will know by contributing to CSR activities that they are in fact promoting their businesses.

CHAPTER II

LITERATURE REVIEW

Broadly, CSR involves the role of a business in society. It generally refers to the responsibility of a corporation towards society that goes beyond profit. However, “many ambiguities surround the concept of CSR, including what business practices count as responsible behavior. CSR is a multidisciplinary field and thus has been defined from several perspectives—ethical, legal, stakeholder, strategic perspectives, and others (Garriga&Mele, 2004).

Literature review covers issues that facilitates understanding of CSR specifically on stakeholders in business, ethics, business and human rights, business standards and corporate governance, role of business and industries in business continuity and sustainable development and current global understanding of CSR. The written documents enable study of literatures on the subject issue, assists the researcher in framing research questions based on the analysis of issues emanating from the review of literatures.

Different authors have viewed the role of business in society differently from time to time and context to context. Albert Carr was of that view business has lower standard of ethics than society and has no social responsibility other than obedience to law. The author’s understanding could have been ‘business is considered to be behaving responsibly if it follows the how to perform laws set’. Similarly economist Friedman (1962) wrote that business should maximize shareholder wealth within the framework of law. Over the years economists as well as management gurus have started realizing there is more to business entities than just profit making. Freeman

(1984) was of the opinion that business should be sensitive to potential harm of its actions on various stakeholder groups. Carroll (1999) with a more community service perspective felt that business must use its vast resources for social good. The last two authors are of the view that businesses must look beyond merely profit making and obedience to law. They have tried to create understanding of accountability for actions and the duty of taking care of societies.

Defining Corporate Social Responsibility

The concept of corporate social responsibility (CSR) has a long and varied history. Although the concept of CSR was adopted in the 17th century by American business houses, formal literature in this field was mainly promoted only in the 20th century. Carroll (1999) put forward the view that although it is possible to see footprints of CSR thought throughout the world, formal writings have been most evident in the United States (p. 268).

In the early writings on this subject, it was referred to more often as social responsibility (SR) than as CSR. Even though the idea was already considered in the early twentieth century, the modern discussion of corporate responsibility (CR) got a major impetus via the book “Social Responsibilities of the Businessman” published by Howard R. Bowen in 1953 (Knoontz&Wehrich, 2007, p. 41). Bowen has been recognized as the father of CR. Bowen states “CR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, as cited in Carroll, 1999, p. 270).

Carroll (1983) brings the modern concept of CSR as:

CSR involves conducting of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible . . . then means that profitability and obedience to the law are foremost conditions to discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent. Thus, CSR is composed of four parts: economic, legal, ethical and voluntary or philanthropic (Carroll, 1983, as cited in Carroll, 1999, p. 286).

Earning profit is an ultimate goal of business institutions. There is no value of loss bearing institutions in business. CSR is a way that can lead the organization to a profitable position. As per Carroll's definition above an institution must be law abiding, ethical and charitable so that it can satisfy stakeholders. Stakeholders' satisfaction towards business firm is an opportunity to the business for selling its products and services in the market.

Jeremy Moon pointed out " CSR is a difficult concept to pin down. It overlaps with other such concepts as corporate citizenship, sustainable business, environmental responsibility, the triple bottom line; social and environmental accountability; business ethics and corporate accountability" (Moon, 2002, as cited in Broomhill, 2007, p. 6). Campbell (2006) argues - defining CSR is a complex that involves specifying the type of corporate behavior with which we are concerned, of which there are many possibilities, such as how a firm treats the environment, its employees, its customers, and so on (p. 928).

Parajuli, Bhattarai and Thakur (2011) stated businesses viewed their economic contribution as often seen as the most important and effective way for business to make a social impact, i.e. through investment, job creation, taxes, and technology

transfer etc. In the late 1970s and early 1980s, a heightened awareness of the impacts of corporations on the environment were brought forward. Organizations were under the pressure of regulatory acts calling for them to repair the environment while still bringing home profits (McGehee, Wattanakamolchai, Perdue & Calvert, 2009, p. 418). Gradually, CSR concept has been developed in a much broadened way.

Today, CSR is an emerging business paradigm, whereby many corporations are accountable for the way they affect society (Smith, 2003, as cited in McGehee, Wattanakamolchai, Perdue & Calvert, 2009, p. 418). In other words, progressive companies are providing volunteers, business advice, and products to nonprofit organizations; adopting sound management to reduce, reuse, and recycle; and providing incentives to suppliers who use good conservation practices.

Corporations may feel themselves socially responsible after donating money to some stakeholders. Bulut and Yumrukaya (2009) argued that CSR is more complex than donating money or goods, and the understanding that it is a corporation's promise to be held accountable for its actions and promise to take care of society is yet to be accepted (p. 64).

Robins (2008) states irrespective of business entities' financial performance, the core idea should now be that business should accept that it must play more than just an economic role in society (p. 43). Business entities must show a willingness to accept more responsibilities than for its business driven actions and impact and shoulder a wider responsibility for impacts on society and the natural environment. Corporations have obligations to set in society other than shareholders and beyond those prescribed by law (Jones, 1980, p. 87). CSR may or may not be reflected in day to day corporate action. CSR however amounts to much more than whether a

company chooses to undertake discretionary desirable CSR projects' rather its value also lies in whether it motivates a company in the generality of its normal business conduct to adopt and maintain high ethical standards.

Griffin (2007) states, "Social responsibility is the set of obligations an organization has to protect and enhance the social context in which it functions (p. 120).

Although much of the emphasis in this area has moved from CSR to corporate social performance and its impact on the firm's financial performance, the views of managers regarding their responsibilities toward society-what typically is called CSR orientation (CSRO)-still are important and investigated by researchers (Albinger & Freeman, 2000, as cited in Burton & Goldsby, 2009, p. 88).

Different authors have defined CSR in different ways. The overall view of authors are however uniform that obedience to law, earning profit or donating money or goods only does not constitute being socially responsible. Being socially responsible goes beyond the above gamut and incorporates issues like the impact organizations have on environment and society. This includes how organizations interact with their employees, suppliers, customers, communities and other stakeholders. It also entails how organizations operate, how profit is earned, are they following norms or not, are they being regulated or not and are they transparent in what they are doing or not etc.

Searching the Significance of Corporate Social Responsibility

Definition of CSR by Milton Friedman is a famous statement, which views that the only responsibility of a firm is to make profit, respecting the constraints of a

competitive market and the fairness rules defined by the legal system (Viviani, 2004, p. 1).

Friedman presents his views in the *New York Times* on September 13, 1970, ‘... there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Friedman, 1970, as cited in Broomhill, 2007, p. 6).

CSR is an embryonic concept and is commonly understood to be the way in which a company achieves a balance or combination of economic, environmental and social necessities and at the same time as addresses shareholders expectations. The importance of corporate social responsibility has expanded greatly since it was first introduced in the management literature (Frederick, 1998, as cited in Polonsky&Grau, 2008, p. 132). Jones and Murrell (2001) explain that fulfilling social responsibility obligations can be beneficial to the company and that a firm’s record for exemplary social functioning can serve as a positive signal of the firm’s business performance to stakeholders (Jones & Murrell, 2001, as cited in Peterson and Jun, 2007, p. 389).

Burton and Hegarty (1999) present the responsibility of corporations as becoming even more important in this era of less public trust in government. Business organizations are among our most powerful institutions, with that power comes the responsibility to use it for the good of society (p. 188). It can be drawn from the statements of various authors that good governance by business organizations is important and good governance helps them engage in doing good for the society.

As corporations are for profit motive, people have arguments for and against social responsibility. Griffin (2007) argues though CSR claims to perform socially responsible activities, it can haunt a company if they are exaggerated or untrue, they can also work to the benefit of both the organization and society if the advertised benefits are true and accurate (p. 123). Philanthropic endeavors can enhance the competitive context-the quality of the business environment in the locations where firms operate-thereby aligning social and economic goals and improving the firm's long-term business prospects (Pepin, 2005, Porter & Kramer, 2002 as cited in Peterson & Jun, 2007, p. 388).

Smith, Wokutch, Harrington and Dennis (2001) view that CSR helps to provide equal opportunity in national employment for all qualified persons, to prohibit discrimination in employment because of race, color or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program (p. 266-267).

The socially responsible firm fulfills its economic, legal, ethical, and discretionary responsibilities by, respectively, earning a profit, obeying the law, acting within the prevailing industry and societal norms, and using its resources to promote the overall welfare of society (Carroll, 1979, 1991, as cited in Smith, Wokutch, Harrington & Dennis, 2001, 268). CSR is a willingness on the part of the corporate manager with moral concern to confront certain social problems he or she deems urgent and to blend the influence of his or her company toward the solution of those problems insofar as the firm is able to do so (Purcell, 1974, as cited in Montiel, 2008, p. 253). Such responsibility requires that the manager intelligently balance the needs of the many groups affected by the firm so as to best achieve both profitable

production and the common good, especially in situations in which he or she is not required to do so by law or by external pressures that the company cannot easily resist (ibid).

Cannon (1992) put forward, business benefits from being more socially responsible and that this can help to build sales, the workforce and trust in the company as a whole. Business only contributes fully to society if it is efficient, profitable and socially responsible (Cannon, 1992, as cited in Moir, 2001). CSR covers the responsibilities corporations have to the societies within which they are based and operate. Handy (2002) states that the purpose of a business is to make a profit so that the business can do something more or better and doing something more becomes the real justification of business. Drucker stated CSR is increasingly crucial to maintaining success in business by providing corporate strategy around which the company can rally and also by giving meaning and direction to day to day operations (Drucker, 1973, as cited in Edersheim&Wynett, 2008).

People trust those companies who follow CSR. Good CSR is about maximizing a company's positive image in society while at the same time maximizing returns (British Telecom, Annual report, 2008). Parajuli, Bhattarai and Thakur (2011) have stated CSR is a worldwide movement to make businesses an ethical activity that works for improving the quality of the life of the people and for betterment of the society. It can be argued that economic development and growth in business activity is beneficial to society as a whole and exercises an important influence on the quality of life of the society. Doukakis, Kapardis and Katsiouloudes (2005) emphasized that as businesses affect our lives, either directly or indirectly, there is need for them to accept

responsibility for their own behavior and the consequences of that behavior. Furthermore, Acuff mentions that social responsibility efforts can produce enrichment marketing, where the well-being of consumers is enhanced, leading to favorable goodwill toward the company (Acuff, 2005, as cited in Peterson & Jun, 2007, p. 389).

It is observed from the discussions above that business organizations have to have a much wider role than making profit. Business organizations need to adopt ethical practices and contribute to the welfare of the society. Over time, the concept of CSR for organizations has evolved from purely making profit to a wider role of including its role towards different stakeholders, government, governance issues, regulation, impact on environment and society.

It has been observed that business organizations exist in society and fulfilling social responsibility is investing in social assets. Just as business organizations invest capital to earn more capital, investing in social assets through CSR creates a society or a community which is essential for the business.

CSR Issues and Role of Managers

There are a number of social issues in which businesses and management are expected to get involved. Chandan (1987) presents the areas of social responsibility as -conservation of natural resources, pollution control, organizational policies and practices in consumer health improvement, ethical marketing, fair business practices, employee education, training and other facilities, employee relations, employee safety and involvement in community development as well as protection (pp. 485-487).

Organizations may exercise social responsibility towards their stakeholders, towards the natural environment, and towards general social welfare. Some organizations

acknowledge their responsibilities in all three areas and strive diligently to meet each of them whereas others emphasize only one or two areas of social responsibility (Griffin, 2007, p. 120). Carroll derived the responsibility of managers to meet the social responsibility into four parts:

- i. Economic: the responsibility to earn returns on the shareholders' investment
- ii. Legal: the responsibility to obey the law
- iii. Ethical: the responsibility to adhere to social norms not codified in law but expected of actors in society
- iv. Discretionary (or philanthropic): the responsibility to step out of a defined role to voluntarily help a segment of society. (Carroll, 1991, as cited in Burton & Goldsby, 2009, p. 89).

Theoretical Understanding of the Study

Theories allow analysis of social issues and description of the relationship between different variables. The theoretical framework applied in this study will be the institutional theory and equity theory. There are various theories that can be applied to study the concept of CSR and its practices in real life situation. Some of the important theories such as institutional theory, and redistributive justice theory are studied.

Organizational practices are shaped by their institutional environment. Process of institutionalization involves the internalization of values, norms and behaviors. Three of my research questions out of four revolve around the perception, practice and internalization of CSR as value, norm and behavior by business organizations.

Similarly, redistributive theory deals with fair behavior of people toward others. Business organizations need to be fair and just in contribution to society. One

of my research questions relates to how this fair and just contribution can be channelized in the education sector.

CSR and Institutional Theory

Rowe and Wehrmeyer (2001) reason that corporate social responsibility is a key for the institutional development (p. 8). Institutions have been defined by institutional theorists since the early 20th century, to mean rules - the predetermined patterns of conduct that are generally accepted by individuals in a society. There are informal rules, such as norms, habits and customs, and there are formal rules, such as written laws, regulations and standards. Participants in organizations act in accordance with the rules set out in institutions by devising strategies to survive or win in society (Rowe & Wehrmeyer, 2001, p.8). Every organization has its own rules and settings. The rules and norms are the guiding principles for the organizations.

Institutional theory examines the relationship between an organization and its broader institutional context. The concepts of institution and institutionalization have been defined in diverse ways. Leonid Polishchuk (n.d.) states that institutional theory offers a convenient framework for CSR analysis which produces a clearer vision of CSR role in institutional setups of modern societies. CSR is considered as a bargain between companies and their outside stakeholders, reached over externalities that companies produce. CSR is thus treated as a private institutional alternative to government regulation, and the choice between these two options depends on their relative costs and benefits (p.2-3). Rowe and Wehrmeyer (2001) argue “institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rule like status in social thought and action” (p. 9).

Organizations who have strong position in the market have effective institutional setups for involvement in social responsibility. Campbell (2006) reasoned that firms whose financial performance is strong are more likely to engage in socially responsible corporate behavior than firms whose financial performance is weak (, p. 929). Wehrmeyer (2001) presents institutional theory as useful for describing how organizational activities may over time come to contribute to sustainability and environmental reporting because of its focus on the process by which these activities become embedded in institutions or accepted practices (p. 9). In this regard Campbell (2006) elaborates the propositions as- Corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behavior are institutionalized in, for example, important business publications, business school curricula, and other educational venues in which corporate managers participate (Campbell, 2006, p. 933).

Sen (2009) stated there is need for reasonable behavior by individuals for a society to function well. Institutional theory attempts to study the way an organization behaves in its environment. The internal and external environment determines how an organization should conduct itself. The external environment shapes the role the organization should play and the internal environment largely determines how it should discharge its roles. The study focuses on understanding how the external environment influences organizations to behave in ethical manner and therefore be socially responsible.

CSR and Re-distributive Justice Theory

Justice can be defined as fair behavior of people toward others. Rawls indicated that fairness is central to justice (Rawls, 1971, as cited in Sen, 2009, p.62). In the context

of CSR, this justice theory seeks about fair and just practice on the part of corporations in the process of philanthropic contribution to society. Lantos (2002) presents justice as concerned with fairness and a person is stated to have been given just treatment when s/he has been given what s/he deserves or can legitimately claim. What one party might deserve, another party has a responsibility to provide (p. 12). Any denial of something to which someone has a right or claim is an injustice.

The theory of justice relates to rights theory in that a right is something to which you have a just claim (Lantos, 2002, p. 13). Further, McColl-Kennedy (2003) states- Customers' levels of satisfaction and their future loyalty depend upon whether the customers feel that they were treated fairly, that is, justice was done. Three forms of justice i.e. distributive justice, procedural justice, and interactional justice are generally agreed (p. 253).

Distributive justice is conceptualized as the fairness associated with decision outcomes and distribution of resources. Lantos (2002) says distributive justice or social justice-the fair distribution of society's benefits and burdens. The fundamental principle is that those with an equal claim to resources should receive equally, and those with a greater (lesser) claim should receive more (less) (p. 13). Distributive justice is usually defined as what the customer receives as an outcome of the recovery process (McColl-Kennedy, 2003, p. 253). Distributive justice is the form of organizational justice that focuses on people's beliefs that they have received fair outcomes (e.g., pay, recognition, service etc.). Hence, distributive justice can be fostered when outcomes are perceived to be equally applied.

Distributive justice deals with proper distribution of benefits and burdens of social cooperation and, in particular, proper re-distribution of economic resources.

The justification for economic re-distribution is based on the idea of 'equality of opportunity'.

The concept is about the belief that it is unfair for individuals to be disadvantaged or privileged by arbitrary and undeserved differences in their social circumstances.

One must make mention of the current phenomenon seen in even developed countries where general people have demonstrated against government's incapability to distribute of wealth to the common people. The general people seem to be getting poorer and the richer strata of people and organizations getting richer. Resources seem to be in the hands of just few groups and organizations. Incidents like capturing of Wall Street in New York, USA show that the general people's resentment toward lack of just distribution of wealth and prosperity is for venting the common man's anger, sadness and other emotions. Barclay (2005) says that being treated unjustly can have important emotional consequences, especially when the individual's self-identity is threatened and individuals can react to injustices with anger or sadness.

Re-distributive Justice theory studies how by being socially responsible organizations can contribute to society by creating equity for those who otherwise would not be able to provide for themselves. According to Carroll (1979, 1991), the socially responsible firm fulfills its economic, legal, ethical, and discretionary responsibilities by earning a profit, obeying the law, acting within the prevailing industry and societal norms, and using its resources to promote the overall welfare of society (Carroll, 1979, 1991, as cited in Smith, Wokutch, Harrington & Dennis, 2004, p. p.73). CSR should be seen as the corporate sector's contribution to sustainable

development that is consonant not only with best corporate practices but is also an embodiment of equity and social responsibility (Jaffer & Sohail, n.d. p.1).

Further, Peterson and Jun, (2007) presents the advantages of operating in conjunction with a social justice perspective they include (a) reduced production costs, (b) customer loyalty, (c) interaction between business values and community values, and (d) reduced employee retention costs or improved ability to attract the best employees (p. 389).

Jaffer and Sohail, (n.d.) say that social justice and the economic well-being of the people include basic human necessities as-

promotion of the education and economic interests of backward classes and areas; removal of illiteracy and providing free and compulsory secondary education; securing just and humane conditions of work and ensuring that children and women are not employed in vocations unsuited to their age or sex, secure the well-being of people irrespective of religion, gender or ethnicity, provide for all citizens facilities for work and adequate livelihood with reasonable rest and leisure; provide basic necessities of life, such as food, clothing, housing, education and medical relief (p.1).

Hence, re-distributive theory helps to study how “cultures of fairness” can be created by making justice a fundamental value in organizations so that organizations become socially responsible organizations and contribute to the society by creating equity for those who otherwise would not be able to provide for themselves.

Institutional theory and redistributive theory are relevant to my research as my research is identifying what business organizations perceive about CSR, why they are involved in CSR. The findings of my research will help in reconfirm my views that

for CSR to be sustainable, it must be institutionalized and that business organizations must help those who do not have or cannot afford. It is also likely that the findings of my research will derive new meanings.

CSR in Different Countries

The next few pages of this section reviews' how CSR is practiced in different countries of the world. CSR status of select European countries has been presented for readers' benefit. I have chosen a mix of developed and industrialized countries like Austria, Belgium, Greece, UK as well as new and upcoming countries like Croatia and Armenia. CSR practices and awareness in these countries except Belgium and UK is understood to be at the progressive stage similar to the status in Nepal. Findings of CSR of these countries and knowledge about good CSR practices of these countries would add value to my study.

Similarly nearer to home I have chosen to review CSR practices of Maldives, India and Sri Lanka and their experiences would add insights to my study.

CSR in select European Nations

Parajuli, Bhattarai and Thakur (2011) state in Europe philanthropic responsibility tends more often to be compulsory via the legal framework. Visser (2008) views most of the CSR studies focused on North American and European economies are dominated by ethical and environmental themes in contrast to the few scholarly works on CSR in developing countries focusing on the social theme.

Highlights given for select European countries are the findings of a study carried out by CSR Europe in 2009:

Austria

Austria is a highly regulated state. There are a number of environmental, labor and social protection laws setting minimum standards for business behavior. Companies Act dating back to 1966 states that a corporation must be managed in a way that benefits not only shareholders and employees but also public interest.

A CSR policy for public procurement at the time of the study was being developed. Several guidelines on responsible public procurement exist but due to their voluntary nature, they primarily act as awareness raising and information tools. CSR reporting is recommended in the CSR Guiding Vision from 2003 but is not mandatory and hence not enforced. An estimated 30 Austrian companies produce regular annual CSR or sustainability reports.

Public awareness of CSR is low and hence there is little pressure to act responsibly from consumers on companies and this lack of consumer interest is considered as barrier for companies to act more responsibly.

Major concern faced in terms of CSR was raising awareness amongst civil society regarding the contribution that companies are making or need to make to face social and ecological problems. Large companies are often faced with the challenge of how to engage their employees in CSR issues. SMEs primarily need to understand the benefits they could gain by acting strategically in terms of CSR.

Belgium

Belgium is a highly industrialized country with an important transportation infrastructure. Its economy is characterized by a highly productive and skilled work force, high GNP and high exports per capita. The economy mainly comprises small and medium-sized enterprises, accounting for 70% of the country's GDP.

Approximately 83% of Belgian companies have less than 10 employees and 97% of the companies' employ less than 50 people.

Initiatives on CSR are organized at both federal and regional levels. At the federal level, there is the law on “coordination of the federal policy for sustainable development” (1997). This law foresees a cycle of continuous improvement with a Federal Plan every four years and a Report every two years. The Plan defines the framework of the strategies to be followed with six priority areas translated in 31 actions – the 31st being CSR.

To implement this action, the Federal Action Plan for CSR in Belgium was developed in October 2006 to promote CSR and stimulate companies to integrate it in their management. Most initiatives are based on recommendations and look to foster ethical investment, to increase transparency, stimulate the exchange of information and good practices on CSR and financially assist companies active in the social economy.

Key CSR areas are non-discrimination, public procurement, international investment, SRI, fair trade, stakeholder dialogue, transparency and reporting. Various initiatives have been developed to integrate and improve cooperation between local communities and businesses.

The main challenges for CSR include developing skills for employability, mainstreaming diversity, promoting entrepreneurship education, demographic change, eco-efficiency, stakeholder engagement, private procurement and transparency.

Croatia

There is no CSR related legislation in Croatia neither in terms of procurement or tax measures. A Sustainable Development Strategy was recently launched and is due to

be further developed through specific action plans. There is no regulation regarding reporting on CSR. Reporting on issues of corporate governance is mandatory for companies listed on the Croatian stock exchange. Nevertheless, there is significant increase in CSR reporting due to the UN Global Compact requirements and presence in the country.

The major focus in Croatia has traditionally been environmental protection. It is very high on companies' priorities of CSR and companies often use ISO 14000 standards as a way to address their environmental impact. Croatia has very strong environmental regulation and all of the basic environmental impacts are regulated (such as waste, water and air discharges). Recently, companies have started to address social issues such as labor and human rights. The focus on and reporting of issues like employee satisfaction, education and similar issues is increasing.

Recent research shows that there is almost no public awareness of CSR in Croatia. The main challenge for CSR is the perception of the value and importance of CSR. Companies still struggle to implement and understand the benefits of CSR. An additional challenge is the lack of governmental support towards CSR. Also, customers are not sensitive to CSR. The Croatian Business Council for Sustainable Development is promoting CSR through publication, conferences, seminars and trainings. The organization tries to work with the government to integrate CSR in policies and has recently applied for the CSR Platforms project through which a consortia of CSR organizations is expected to be strengthen their capacity and ability to foster CSR in the country.

The Croatian Business Council for Sustainable Development is also developing a CSR Index and will work on the promotion and implementation of this

project as it is an excellent educational tool for companies and a transparent information provider for customers.

Greece

Greek legislation provides many laws related to basic CSR issues but are not that specifically mentioned (e.g. laws on health and safety, human rights, equal opportunities and the right of collective agreement). It has been calculated that CSR issues are included in the responsibility framework of eight different ministries. A relevant law that was recently issued is Law No. 3525, published in January 2007 under the name “Cultural sponsorships.” It provides tax reductions to companies that support cultural events. The 2007 – 2013 plan of several Greek ministries mentions several CSR related activities, but not in a clear and direct manner. Additionally, there is no legislation or policy on reporting.

All issues related to CSR are used as a means of business strategy. There is no specific focus on single CSR issue. Addressing CSR as a means of business strategy mirrors societal expectations on the way business operates and behaves, which are increasing. While it is true that most newspapers dedicate special inserts on CSR and cover major CSR events, this is primarily done to receive sponsorship from the companies implementing CSR, rather than out of genuine interest. In general, businesses are expected to support social inclusion by employing persons belonging to several socially isolated people (drug addicts, persons discharged from prison, people with disabilities). There is a national law which obliges large businesses to cover 2% of their staff in this category but practically, only few do so. People are very sensitive to how companies operate and expectations for sustainable and responsible corporate behavior are increasing.

United Kingdom

Since the deregulation of the finance industry and the privatization of public utilities in the early 1980s, business has not tended to look to the government to set the framework for responsible business practice beyond existing legal requirements. The government has appointed a minister for CSR whose role is to provide guidance and to support best practice. The expectations are therefore that business leads and engages in best practice. This is the same for locally owned companies as well as for foreign owned companies.

The concept of CSR in the United Kingdom originated in the ethical approach to business adopted by a number of prominent firms, which ran their business in an ethical manner, in particular looking to the welfare of their employees. This philanthropic approach laid the foundations for the situation today where the need for companies to manage in a responsible manner across the various sectors of their activity is generally, if not universally, understood.

The UK public is becoming more aware of the concept of CSR as companies market their ethical business programs more effectively. There has also been increase in consumer awareness in recent years as companies are becoming more accountable for their business practices.

Several CSR challenges still remain. These include achieving understanding in the business world that the focus is responsible business practice and not philanthropy and in the present context, the main challenge is to ensure that during recession, commitment to responsible business practice is not set aside in the struggle for survival. The Companies Act of 2006 outlined the expected role of managing directors and CEOs of companies, which also included dedicating time to CSR

activities. The Act also established the concept of ‘enlightened shareholder value’, which spoke about the necessity to consider a wider range of matters than simply increasing profit margins, as this would lead to the greater benefit of shareholders themselves.

Armenia

The concept of CSR in Armenia is still in a very early stage and it is mainly the multinational companies that have some understanding of CSR and its importance. There is a lot of confusion between strategic CSR and corporate philanthropy. While some local Armenian businessmen are philanthropically quite active, this is often associated with the individual and there is no integration of this activity with the core business model.

In cases where companies are philanthropically active, any donation – either in cash or in kind – made by them are taxed, as required by law. Armenian law also protects natural environments and holds businesses responsible for the negative impact on their surroundings. Though laws are good on paper and based on sound policy, there is general consensus on the need for stronger mechanisms for proper implementation.

The Government of Armenia has stated in its 2008-2012 program that Corporate Social Responsibility will be encouraged. The first step to corporate responsibility is compliance with law and payment of due taxes. Therefore, virtually all of the government’s efforts in the area of CSR have, up to this point, been focused on creating a level playing field for companies and ensuring that all corporate citizens pay the full amount of taxes required of them to enable law-abiding companies to stay competitive and discourage shadowy companies from getting business advantages.

A few companies in Armenia are getting active in the area of CSR, but these are mainly multinationals or ones with significant foreign investment. But any company's approach to CSR has to be very clear and strategic, with a distinction between CSR and other activities such as charity, commercial sponsorship and so on. At the same time, there is general consensus that society is truly benefiting from these initiatives. Other companies like those in the IT sector are investing in education and working in partnership with universities to establish programs that will ensure a skilled labor pool for the company and the entire sector. Some companies are seeking to give technology a greater role in education.

We can observe from the study of CSR of the aforementioned European countries that there is a difference in approach to CSR between developed and developing European countries. Whereas countries like UK and Belgium are focused on ethical practices and governance, developing countries like Croatia and Armenia are focused on philanthropy, environmental protection, labor issues and human rights. In developing countries, CSR is often associated with philanthropy or charity, i.e. corporate houses are often involved in social investment in education, health, sports development, the environment, and other community services. Business often finds itself engaged in the provision of social services that are seen as government responsibility in developed countries, for example, investment in infrastructure, schools, hospitals, and housing (Visser, 2008).

CSR in Select Nations of SAARC

South Asian Association for Regional Cooperation is an organization which includes India, Pakistan, Bangladesh, Sri Lanka, Maldives, Bhutan and Nepal as its member countries. The review of understanding and practices of CSR in some of the SAARC

countries is relevant as impact in one of the countries on human or economical aspect is likely to affect the other countries of the organization. It also helps in comparing the status of CSR in Nepal with that of its associate countries.

Maldives

In a study carried out by Shareef and Sodique in 2010 titled 'Baseline Study on Corporate Social Responsibility Practices in Maldives' the findings reflected concept of CSR in Maldives was no different than that of other developing countries of the world. In their findings they have stated that in the business sector the concept of CSR is not widely understood, and the term itself is seldom used to describe CSR related activities. Awareness programs should target all stakeholders including businesses, employees, customers, general public and non-business sector stakeholders.

Awareness programs should target consumers and empower them to exert pressure on businesses to deliver on CSR. No business can afford to ignore consumer demand.

The concept of CSR is often reduced to acts of philanthropy and charity. The level of CSR awareness in general is low among promoters of CSR as well. Majority of companies (68%) do not have a formal CSR strategy, and public disclosure is unusual except by listed companies and resort operators. Companies should aim to incorporate CSR into their core values and articulate a specific CSR strategy. A company's degree of CSR implementation is to a large extent a product of the vision and beliefs of its owner(s). This is attributable to the close involvement of owners in decision making and the day to day management of business. Companies should strive to permeate the principles of CSR through their own efforts to educate themselves and employees about CSR.

The primary target of CSR efforts for most businesses is underprivileged individuals in society – mainly in the form of financial assistance in medical treatment. Employees are the second most frequently targeted group. CSR involvement is relatively high in the tourism sector. The primary target of CSR efforts in the tourism sector is environmental protection, followed by employee welfare.

The government does not have a CSR policy and there is no designated focal point for CSR within the government. Government institutions generally do not play a significant role in CSR promotion apart from regulatory enforcement. CSR awareness in the media is low. CSR is not a topic of interest in the media. It is rather considered as free advertising. At the same time, the dependence of media on advertising income prevents it from reporting freely on negative CSR activities.

Higher education institutions are few in number, and have come to existence only recently. None of the colleges run a specific program on CSR or feature CSR in a major way in a program. Management and professional programs feature modules on professional and business ethics rather than CSR in its broad sense.

The incentives for businesses to incorporate CSR practices should ultimately be driven by consumers and the public. Businesses will have to be made to better understand and identify the business case for CSR then they will embrace it. Capacity building programs for businesses should target management, employees and board of directors.

Sri Lanka

Anthonsiz (2008) in a study titled Corporate Social Responsibility in Sri Lanka: ‘A National Business Systems Perspective’ states Sri Lanka has a long history of corporate philanthropy, which has been influenced by the country’s cultural system.

The education and labor system of Sri Lanka is characterized by a very high literacy rate of 92.5% due to the welfare initiatives of the state, where education is sponsored by the government and provided free of charge up to university level.

Being a predominantly Buddhist country, it is likely that Sri Lanka's long history of corporate philanthropy has been sustained due to these religious beliefs. Tsunami of 2004 which affected all aspects of Sri Lanka's Business System is also as a result, said to have brought in a new chapter in the CSR practices of Sri Lankan business organizations. The study found out a majority of CSR within the sample of Sri Lanka's ten most respected entities, follow internationally accepted norms and not the national business system.

Businesses in Sri Lanka do not engage in peace building or undertake strategic CSR initiatives to reduce the impacts of the conflict as influenced by the political system of the country. They however continue to act philanthropically with respect to those that have suffered as a result of the ongoing conflict, and therefore they will address some aspects of the political system influenced by characteristics of the cultural system of the country. Lack of government encouragement or support for business entities towards peace building have rendered companies explicitly inactive in working toward peace through their CSR activities.

The study has further stated that all companies sampled claim that long-term strategic CSR was their focus and that such strategies would minimize business risk in the long run and result in long term benefits for business, as respondents have described.

The study further reveals 100% of companies within the sample focus on education in their CSR activities, though it is not in their provision. The companies'

education related CSR initiatives were all a facilitative role focusing on equalizing regional disparities in the quality of education, and developing educational infrastructure.

Though the education system of Sri Lanka is characterized by free and compulsory education provided by the government, there exists regional disparities in the quality of education, particularly with respect to the English Language, and the availability of educational infrastructure and teaching equipment, while the quality of education also does not meet the requirements of the labor market.

Companies through their CSR therefore act as a support mechanism for the existing government education. The strong focus on education reveals that companies are following government policies. Education is a high priority of the Sri Lankan government, so CSR in education is a high priority amongst companies.

The study also reflects catastrophic events such as Tsunami with immediate impact are often more likely to elicit CSR responses, and it is likely that such responses are mobilized by the existing Buddhist culture of giving and compassion further reiterating the cultural influences of CSR by encouraging philanthropy. It was further revealed that companies recognized the need for longer-term strategic initiatives as CSR efforts would give rise to long-term benefits and not one-time indulgence at time of catastrophic events.

India

CSR in India is known from ancient time as social duty or charity, which through different ages is changing its nature. After Independence, Jamshedji Ratanji Tata who always laid a great deal of emphasis on going beyond conducting themselves as honest citizens pointed out that there were many ways in which industrial and

business enterprises could contribute to public welfare beyond the scope of their normal activities.

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development and concern for disadvantaged groups in society. CSR in India has yet to realize its full potential. Individual and collaborative initiatives continue to be dominated by self-assertion rather than accountability (Kumar, 2004).

Lee (2010) in a study on CSR in India, observed that it was often the case that CSR programs emerge from the founders' desire to create alternatives which challenge existing models, and the motivation for socially responsible activities of companies often comes from the leadership and orientation of top management.

Almost every large corporation involved in the Indian market today is engaged in some form of social initiative in India although this is not well documented. In a survey carried out by Partners in Change in 2005 it came to light that only 17 percent of the companies surveyed in India had a written CSR policy while more than 80 percent of the surveyed companies engaged in CSR programs (Lee, 2010)

Godbole and Karkara (2007) have stated that most corporate bodies in India traditionally view CSR as an extension of a financial input for a humanitarian cause. Indian CSR mostly focuses on addressing social problems like poverty, health, and education. This tradition has not only continued but has grown over years with many corporate houses engaging in social development.

Godbole and Karkara (2007) view CSR in India as becoming more institutionalized and there is gradual recognition that it should be congruent with the

mainline business strategies of the corporations and should not be seen as a non-strategic, public relations type of exercise.

Since the early 1990s, with the onset of globalization and opening up of markets to transnational corporations, Corporate Social Responsibility (CSR) is being increasingly emphasized. The influx of information, which has raised expectations among various civil society institutions about the role of transnational corporations are not only being judged by the profits they make for their shareholders, but also by the impact they have on the wellbeing of the community.

Sharma (2011) observed in recent years that an attempt has been initiated to ensure socially responsible behavior of the financial sector in a more systematic manner.

Sharma (2011) stated that core operational areas for CSR activities in private sector banks are focused on education and employment and during the last few decades, as a result of increased consciousness towards sustainability issues, a move from core financial reporting to the adoption of triple bottom line principle was being observed. The triple bottom line principle entails reporting of not only economic performance of the company but also their environmental and social performance i.e. for reflection of corporate ethical practices, transparency, sensitivity to the environmental issues, social commitment and labor welfare practices of business houses.

Findings of a survey carried out by Karmayog in 2007-2008 of 500 largest companies in India found that very few companies have a clearly defined CSR philosophy. The survey further revealed that most companies implement their CSR in an ad hoc manner, unconnected with their business process. The survey report

findings suggest that most companies seem either unaware or don't monitor their company's CSR and overall approach still seems to be driven by philanthropy rather than integrating it with business as has been happening in the west. The results also reflect that CSR is often guided by the commitment of the top management and the motivation for socially responsible activities of companies often comes from the leadership and orientation of top management. Indian CSR mostly focuses on addressing social problems like poverty, health, and education.

It can be noted from the study of three SAARC countries that CSR is not widely understood. The concept of CSR is often limited to acts of philanthropy and charity. Corporate bodies traditionally view CSR as an extension of a financial input for a humanitarian cause. CSR is mostly focused on addressing social problems like poverty, health, and education. The level of CSR awareness in general is low among promoters of CSR as well. A company's degree of CSR implementation is to a large extent a product of the vision and beliefs of its owner(s) and often guided by the commitment of the top management.

Government institutions generally do not play a significant role in CSR promotion apart from regulatory enforcement and very few companies have a clearly defined CSR philosophy. Culture and religion play their roles and countries of these regions have a long history of corporate philanthropy influenced by the country's cultural system. There is however emphasis on recognizing the need for longer-term strategic initiatives as CSR efforts can give rise to longer-term benefits.

Corporate Social Responsibility in Nepal

Nepal is one of the least developed countries in the world and also ranks amongst one of the world's poorest countries with a per capita income of around US\$ 473(Central

Bureau of Statistics, 2009/10). Population living below the poverty line is 25.4% (National Planning Commission for Nepal 2010) and poverty in Nepal is primarily due to result of insufficient growth in the economy.

The economy of Nepal is primarily agro-based and around 70% of its population depends on agriculture. As per Central Bureau of Statistics of Nepal the contribution of agriculture and forestry was 38% in the gross domestic production for the year 2009/10. Nepali agriculture is predominantly the subsistence type barely enough for home or local consumption and suffers from low productivity.

Education is a critical element in any country as it is the base for skill acquisition to enhance earning capacity, health practices, ethical behavior and being socially responsible. Majority of the rural poor are illiterate and the literate people mostly live in urban areas. Only 53.7% of the people are literate based on the national consensus 2001 (Central Bureau of Statistics, 2001). Economic hardships remain a barrier for many children and prevent them from attending schools, particularly among the downtrodden, backward castes and girl children.

The Government of Nepal has long taken the position that every child has the right to receive quality basic education i.e. up to grade 8. Cultural diversity is one of Nepal's national treasures. Historically some communities have not benefited equally from development and their active participation has been limited to economic, social and educational activities. Minority groups and ethnic communities have been facing marginalization. Disadvantaged groups (such as women, Dalits and ethnic minorities) have low level of participation in education. Raising participation of these groups is a key challenge for the government. Gender equity in society, in general, and in education in particular, remains an important goal. The government will ensure the

inclusion of children from socially disadvantaged groups in education for equitable access to quality education for all. The strategic option of government is to provide free basic education to children between 5 – 13 years of age. Free basic education will include cost free services for admission, textbooks, tuition and examinations.

Secondary education will be provided on a cost sharing basis. There will be adequate arrangements made to ensure free secondary education to children from economically disadvantaged communities and differently abled children. (SSRP, 2007).

Understanding of CSR in Nepal

A survey carried out by Action Aid Nepal in 2003 reflected that companies are largely unaware of the terminology CSR and are addressing issues related to CSR in their own way. The survey further showed that a very small percentage of business companies are aware of the social problems facing the country (Aryal, 2008). The study recommended that a number of awareness sessions, workshops and other sensitizing campaigns are required to make the corporate sector aware of its social responsibility as there is lack of CSR awareness in general.

Parajuli, Bhattarai and Thakur (2011) were of the view that a large number of managers and owners in Nepal did not possess information on foreign practices of CSR and were less concerned in analyzing how global perspective of CSR can vitalize in local setting. It is felt this lack of foreign practices on CSR limits the vision of Nepalese companies to just donation and charitable work.

Aryal (2008) stated charitable donations are part and parcel of Nepalese businesses even today and that CSR is perceived primarily as charitable giving. Donations and charitable giving as CSR was being considered more for self-fulfillment and satisfaction. Companies and their owners feel CSR brings a lot of

goodwill and mental satisfaction and helps sustain business from generations to generations. Aryal (2008) also stated that CSR was being used as promotion tool and also made for hypocrisy. Companies make donations or sponsor activities as there is a lot of public expectation from the corporate. Companies, for want of peace and continuity of business, donate to community clubs or event managers for maintaining business relationships.

Parajuli, Bhattarai and Thakur (2011) stated that investment in CSR has not been able to get business people keenly interested. They further stated that 'moral obligation' was the prominent reason to do CSR. They further added business owners feel morally bound to perform CSR activities and other reasons such as legal obligation, pressure group, strategy for CSR as a part of CSR policy play only insignificant role in inducing business owners participate in CSR activities.

Parajuli, Bhattarai and Thakur (2011) stated that many business persons believe CSR activities are for social service. Similarly beneficiaries who received benefits from a business institution in enhancing their education for quality of life supported the understanding of CSR as social service.

Davidson and Griffin (2000) classify CSR into four levels: social obstruction, social obligation, social response, and social contribution. Social obstruction is defined as the intention of the business to avoid rules. Social obligation refers to meeting the legal and ethical obligations, but nothing more. Social response involves meeting the legal and ethical obligations plus more. Finally, social contribution approach means that organizations proactively work for the good of society (Davidson & Griffin, 2000, as cited in Aryal, 2008, p. 4). Aryal (2008) views the state

of CSR in Nepal to be in the level of social obstruction as legal compliance or rule abiding by the rules is low in Nepal. Businesses bypass the law as far as possible.

Aryal (2008) stated that in Nepal, businesses on the one hand, always look for ways to evade tax and customs duty, bribe politicians and bureaucrats, exploit labor, don't care about the environment; while on the other, the same companies make some charitable donations to orphanages or old-age homes and publish these charitable acts in their reports very proudly. Thus, CSR is practiced on the basis of owners and not as business strategies or practices.

Chapagain (2010) stated that CSR performance of Nepalese companies in financial services and manufacturing sector is not so encouraging. The author further states that government, pressure groups and other stakeholders are required to encourage socially responsible corporate behavior to sustain and increase their actual practice of CSR. Chapagain (2010) is of the view that the Nepalese government should consider introducing a social performance index and tax benefit or incentives for companies for CSR initiatives.

Parajuli, Bhattarai and Thakur (2011) stated that in developing countries, legal responsibilities generally get lower priority than in developed countries because of far less pressure to carry on with good conduct. This is because in many developing countries, the legal infrastructure is poorly developed, and often lacks independence, resources, and administrative efficiency.

We can observe that organizations perceive CSR more in the sense of deriving self- fulfillment and satisfaction and is carried out to maintain public relations. CSR, it is noted, is carried out more so on the basis of individual consideration and not on

the basis of business strategy and the beneficiaries of these are largely people associated with the business of the contributor.

Against this backdrop, business organizations are not driven to take CSR initiatives in areas of major concerns or in fulfilling responsibilities which contribute to the economic welfare of the country. Business organizations look to make charitable donations and define it as CSR and consider themselves as socially responsible. It is also observed that business organizations show less respect for laws and try to hide their unscrupulous behavior in the guise of philanthropy.

From all that we have discussed above, we can see that the knowledge and perception of business people in Nepal about CSR is mainly that it is charity. Further we can question whether business organizations are using CSR to appease the general public for their misdeeds and that they consider CSR only as moral obligation. Is there less pressure on business to follow good conduct and is CSR just a promotional tool? Is the government doing enough or does it need to provide more encouragement in the form of benefits or scrutiny of how business is being done? These are some of the questions that need to be further assessed. From these observations, the need to change the perspective of business organizations in Nepal towards CSR and highlight their contributory potential in fulfilling social responsibilities for sustainable development initiatives becomes relevant.

Theme

To address the problem and research questions mentioned in the first chapter of this research, the present study suggests four research themes as determined by the existing literature, which shall be substantiated or refuted upon analysis of the data. On the basis of the various literature review of various journals and research papers

on CSR, practices in other countries, and the understanding of CSR in Nepal, the following four themes seemed to be logical and most appropriate to proceed with the research:

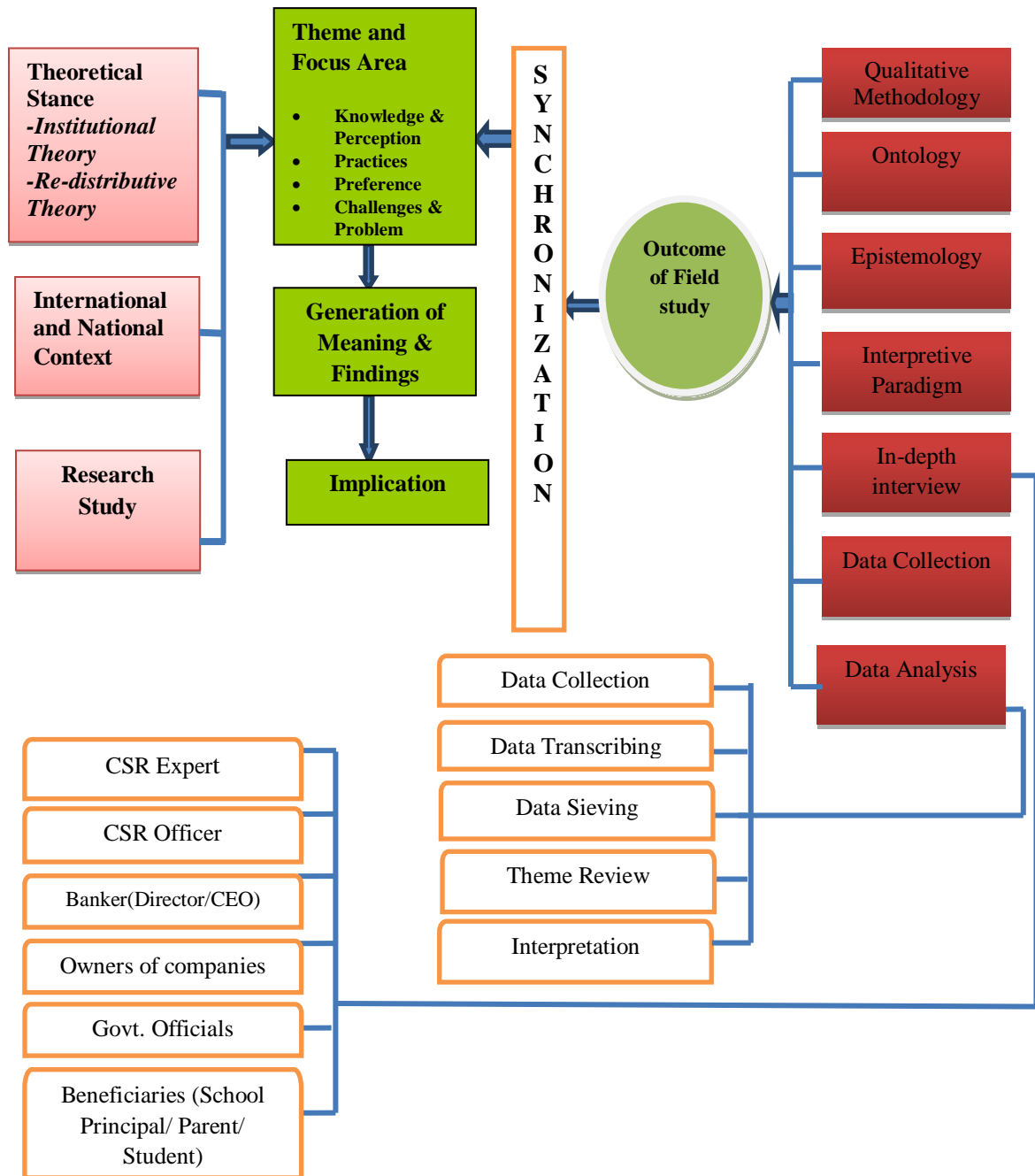
- Theme 1. Knowledge and Perception of CSR.
- Theme 2. Current CSR practices and activities in select organizations.
- Theme 3. Preference of CSR initiative in Educational sector
- Theme 4. Institutionalization of CSR and its Challenges and Problems.

The themes generated have linkage to my research questions and allow me to focus the discourse on key issues like perception, knowledge, practices, challenges and problems of CSR practice in Nepal. Similarly the themes will assist my study by identifying if business organizations in Nepal are carrying out CSR activities as norms, for values or as accepted behavior or for other purposes.

Conceptual Framework

For the purpose of this study, it will be pertinent to focus on various aspects related to concerns about CSR such as theoretical perspectives, existing CSR practices, field realities, international and national experiences and their inter-relationship. Theoretical or conceptual frameworks are the primary mechanisms by which researchers organize studies and the results into a broader context (Whittemore & Melkus, 2008, p. 204).

Fig 1: Conceptual Framework of the Research on CSR



Theoretical Perspectives

There are different perspectives through which CSR is practiced around the world. Institutional theory and re-distributive justice theory, internalizing the requirements for fulfilling corporate social responsibility as a requirement of good governance and the necessity for equalizing and extending resources by the affluent towards the poor, plays an important role in CSR. There is linkage between these two theories to the extent that companies are influenced by external environment to be engaged in good governance and ethical behavior and therefore be socially responsible and more likely to re-distribute their wealth for the benefit of the needy and poor. In the real world, the needy are always more in number than the affluent and what one party might deserve, another party has a responsibility to provide.

The government cannot resolve all the problems of society hence other sectors also need to contribute and provide solutions. There is a gap in financing in education as far as the government of Nepal is concerned as its investment has only been about between 14 to 17% of the annual budget (Central Bureau of Statistics of Nepal, 2011) over the years, which is sufficient only to meet the salary and other operating expenses. So the government has not been able to address the issues of uplifting the overall quality, standard and outreach of education throughout the country.

Existing Situations

In the case of Nepal, companies are largely unaware of the terminology CSR and a very small percentage of business is aware of the social problems facing the country. Awareness amongst corporate sector about its social responsibility must be created as there is lack of awareness on CSR in general.

There are no written CSR policies in organizations. Donations and charitable giving as CSR are considered more for self- fulfillment and satisfaction and is given on the decisions of owners and guided by the commitment of the top management.

Several CSR challenges still remain, including the understanding that business should focus on responsible business practice. The government, besides having laws or policies on CSR and supervision monitoring, must also have state structures to provide guidance and support best practices.

Methodology

I have adopted the qualitative paradigm for advancing this study and carried out in-depth interview method for data collection due to lack of enough documented statistical data. As not much study has been done on CSR in Nepal, I have followed procedures prescribed for qualitative data analysis. For this purpose, my ontology is multiple realities and epistemology is subjectivism as it gave me the opportunity to modify my questions as the interview progressed to draw proper information from the concerned parties. In-depth interviews were conducted to draw information from the research participants and open ended questionnaires were used in all the interviews for collection of data, which helped me amend my questions as the situation demanded. Materials related to research such as journals, books and other related printed materials from the web-sites were collected as secondary source data.

Purposive sampling method was chosen to identify respondents for research. Literatures of some European countries and a few South Asian countries were studied to gain insight into their CSR practices and experiences and to learn lessons from them.

Synchronization

The issues so far discussed have a strong inter-relationship. Theoretical perspectives give ideas about how companies are influenced by external environment to engage in good governance and ethical manner and therefore be socially responsible and to re-distribute their wealth for the benefit of the needy and poor. Field study describes the country's reality, experiences from different countries of the world, existing situation and field experiences of Nepal, which play a dominant role in guiding CSR initiatives. As all these issues are inter-twinned, every aspect must be thoroughly considered to identify factors that are responsible for encouraging CSR in Nepal and also to identify factors that are lacking and hampering the widespread adoption of CSR and towards channelizing the CSR initiatives in the educational sector.

Implication

The implication of institutionalizing CSR and channelizing CSR towards the education sector is likely to have multiple effects in the context of our country. Organizations who practice CSR are more likely to focus on good governance by being transparent in dealings, have respect for law, be open to monitoring and supervision, have desire to do good and follow ethical decision making. This would support my view of adopting the institutional theory for institutional development to take on social processes in organizations in social thought and action.

The outcomes of involvement in CSR is expected to boost the image of organizations, result in increase of public trust on the organization, gain customer confidence and ensure sustainability of the organization. The consequences of CSR in the field of education are expected to establish a partnership between government and private sector in improvement of education as a whole in the country. In terms of my

stance of re-distributive theory, CSR by organizations would go a long way in distribution of benefits and sharing of burdens of social cooperation with the government.

In concluding this chapter I would like to list my observations. Awareness of CSR among business people and the public of Nepal is low and hence there is little pressure from consumers on companies to act responsibly. Except for developed countries, the Knowledge and perception of CSR is poor in the developing and underdeveloped nations of the world including Nepal. The awareness level of the general public and business companies have to be increased.

A company's approach on CSR however has to be very clear and strategic, with a distinction between CSR and other activities such as charity, commercial sponsorship and so on. Donations and charitable giving such as CSR are considered more for self- fulfillment and satisfaction and giving is based on the decisions of owners and guided by the commitment of the top management and not on the basis of business strategies or practices. This can be observed as lack of strategy or written CSR policies in organizations.

Though there are enough laws to encourage corporate bodies to participate in CSR, enforcement of these laws is weak and there is laxity in monitoring and supervision. Several CSR challenges still remain in developing countries. These include achieving understanding in the business world that the focus is responsible business practice and not philanthropy. In the present context, the main challenge is to ensure business commitment to responsible business practice is not set aside in the struggle for survival. Whereas business companies of developed countries not only follow laws or rules but go beyond that.

The expectation is that business should lead and engage in best practice. As business is expected to act responsibly, the role of government, besides having laws or policies on CSR, is to act as facilitator and create state structures such as Minister for CSR and councils or association to provide guidance and to support best practice which developed countries have.

Worldwide, there is a wide gap in the resources available for the rich and the poor and there is disparity in distribution of wealth to the common people. The general people seem to be getting poorer and the richer strata of people and organizations are getting richer. Resources are concentrated in the hands of just a few groups and organizations and the general people are unhappy due to lack of just distribution of wealth and prosperity.

Organizations which have resources have to be socially responsible and contribute to the society by creating equity for those who otherwise would not be able to provide for themselves to fulfill the requirement of redistributive theory. This will also help institutionalize CSR as an activity that is as equally important as making profit besides maintaining the social fabric by providing opportunity to the sector of society which is deprived by those having resources and upholding the institutional theory.

CHAPTER III

METHODOLOGY

This chapter deals with the methodology of the study. Carter and Little (2007) say that methodology justifies the method. Method is research action. The success of research depends on the appropriateness of methods used in carrying out the research. Research methods are the practical activities of research: sampling, data collection, data management, data analysis, and reporting whereas methodology justifies the method (p. 1318). Methodology deals with strategy and process of generating desired answers to research question. A clear description of chosen methods and selection of a specific method plays a vital role in order for the research to withstand scrutiny.

Philosophical Understanding

I believe that there are multiple realities of the phenomenon of corporate social responsibility since CSR has been interpreted and understood differently by different people from time to time and context to context. There is no single method to define this concept in this world. In this perspective, the world is subjective.

Epistemology

Epistemology is theory and justification of knowledge (Carter & Little, 2007, p. 1317). Epistemology is about knowledge and knowing. It is a discourse between the knower and the known. Epistemology is the study of our method of acquiring knowledge. It answers the question, "How do we know?". It is concerned with how our minds are related to reality, and whether these relationships are valid or invalid. Epistemology is the explanation of how we think. It is required in order to be able to determine the true from the false, by determining a proper method of evaluation. It is

needed in order to use and obtain knowledge of the world around us. The job of a researcher is to go and discover reality and that meaning is not discovered but constructed (Crotty, 1998, as cited in Aryal, 2008, p.33). Creswell (2003) has stated that individuals develop subjective meanings of their experiences. These meanings are varied and multiple, leading the researcher to look for complexity of views rather than narrowing meanings into few categories or ideas. This research has relied as much as possible on the participants' views of the situation being studied.

Not much has been done in Nepal about CSR. Therefore, I solicited views and ideas of research participants. Discourse between research participants and myself was the epistemological basis for this study. The epistemology of my research is discourse which provided information from the knower's expressions, Similarly, in the real world of "CSR" my study is to find out what CSR is and how it works.

Ontology

The decision about the choice of a particular method is always based on the philosophical understanding about the nature of truth, known as ontology and the mode of reaching the truth, known as epistemology (Creswell, 2003).

The ontology of this research is subjective. Bateson believes that "all qualitative researchers are philosophers in that universal sense in which all human beings are guided by highly abstract principles (Bateson, 1972, as cited in Denzin & Lincoln, 2005, p. 22). Ontology is related to 'what' of truth and epistemology involves the 'how' of truth.

Denzin and Lincoln talking about ontology, question "what is the form and nature of reality and, therefore, what is there that can be known about it? For example, if a "real" world is assumed, then what can be known about it is "how things really

are” and “how things really work?” (Denzin & Lincoln, 1994, as cited in Joshee, 2010, p. 96).

In social research, the relationship between individual and their context is a central dynamic to be investigated. It is a connection that shapes the identities of human beings (Kincheloe & McLaren, 2005, as cited in Joshee, 2010, p.96).

The world is subjective. There are multiple realities. My ontology is to seek to learn from people by asking what is out there in natural setting that can be known. The knowledge that I learn can be shared and reused.

Qualitative Inquiry

This research followed qualitative inquiry. The choice of a method is dependent on philosophical assumptions i.e. knowing about the nature of truth and the mode of reaching the truth. These represent the “what” and the “how” of truth. Strauss and Corbin (1990) claim that qualitative methods can be used to better understand any phenomenon about which little is yet known. It can also be used to gain new perspectives on what is already known as well as to gain more in depth information.

Strauss and Corbin (1990) defined qualitative research as any kind of research that produces findings not arrived at by means of statistical procedures or other means of qualifications. Qualitative method involves direct interaction between the researcher and a respondent or a group which makes it interactive and humanistic, involving active participation and the method of data collection adopted can be appropriate considering that they allow and enable interactive participation.

The use of qualitative inquiry has been considered logical as the study was to better understand views regarding CSR in Nepal and also solicit perceptions in association with the adoption of CSR. The research has been done to fulfill the

purpose of fact finding and explaining reasons (why and how) CSR is perceived in Nepal.

In qualitative research, meaning is the key to understanding the behavior of persons in social context; it is an inescapable element of human life (Coleman, Guo & Dabbs, 2007, p. 52). The attempt of this study was to better understand social phenomena and the meanings as construed by social actors. Denzin and Lincoln (2005) have stated the method used should be credible and the research must include the voice of participants, involve multiple voices and engage participants as co-researchers with the researcher at the center of the research process (p. 28).

Since, this research is based on qualitative approach the following features of qualitative research have been considered:

1. Research based on natural setting where human behavior and events occur
2. I myself was involved in data collection
3. I have used multiple sources of data and data that emerges are descriptive and data are represented in words of the participants
4. Focus was on participants' perceptions and experiences and the way they make sense of their involvement in CSR i.e. participants subjective views
5. Research has been interpretive as I have made interpretation of data

This research draws on interpretive and exploratory focus. Qualitative research is interpretive as researcher makes interpretation of data and the process followed in the research will enable the researcher to achieve this (Coleman, Guo & Dabbs, 2007, p. 52). My attempt has been to investigate subjective data especially the perceptions of the people involved and further illuminate the perceptions and deeper insights and knowledge. My paradigm is interpretive.

Study Site and Location

Qualitative enquiry approach requires that the researcher spend utmost possible time with the concerned parties to collect data. To generate primary data I have conducted face to face interviews and discussions with office bearers like managing directors and owners of companies who are practicing CSR, government officials, beneficiaries and other stakeholders like CSR officer and CSR expert of independent organizations to facilitate their active participation in the study and help me arrive at some conclusions.

I visited the offices of all my research participants with prior fixed appointments for interview. Overall, I visited two bank premises, a shoe factory, a departmental store, a pre- primary school, a government ministry office, a restaurant and three other office complexes. The majority of locations I visited were all within Kathmandu Valley, but covered two districts Kathmandu and Lalitpur. Similarly one interview site was in Dang district. The sites where the interviews were conducted were spacious and peaceful in its environment except the location of the restaurant which was crowded and bustling with activity when the interview was conducted.

Tools of Data Collection

The research required both primary and secondary data sources to find out as much information as possible.

Primary Source of Data

Interviews are a common source of qualitative data because they are an effective means to learn from participants about their perceptions of and experiences with a study's topic. I have depended on interviews as a primary source for collecting data.

An interview is a data collection method where the researcher is in the same location as the participant and asks questions to which the participant responds.

Data has been collected from diverse actors involved in CSR activities in Nepal. A total of 13 people were interviewed. Purposefully, people whom the researcher knew were first approached and through them other respondents were reached.

Secondary Source of Data

Due to lack of availability of documented statistical data in Nepal about CSR and also because enough study has not been done till now in this field, for this research in particular, information and data were collected from different stakeholders in Nepal, national and international journals and study materials. As a source of secondary data I collected and studied materials and relevant data to support my thesis.

I reviewed as many literatures as possible to draw from a vast quantity of information about prevailing practices of CSR around the world, which enriched my study. To collect secondary data I visited many libraries of universities in Kathmandu Valley and internet websites of different organizations to collect books, articles and research reports on regarding study.

I have also reviewed the status of CSR in different countries and CSR as understood in Nepal as explained through studies carried out by non-governmental agencies and scholars to gain knowledge on their understanding, problems and requirements of CSR. The analysis of available data helped me answer questions regarding how people perceive CSR and how organizations can be committed to CSR.

Selection of Research Participants

In general, selection plans for qualitative research are based on identifying specific groups of people who possess characteristics or live-in circumstances relevant to the social phenomenon to be studied (Whittemore & Melkus, 2008, p.209). The exact number of individuals needed, and the number of interviews per individual, depends on the goals and purpose of the study (Starks & Trinidad, 2007, p. 1374). There is no fixed number of subjects that determines the size of an adequate data (Best & Kahn, 2007, p. 18). Sample sizes are typically small and are based on the principle of data redundancy or saturation (Best & Kahn, 2007, p. 18).

Purposeful sampling method was used to select the participants in my research. In this research, four select corporate entities and their chairman/managing directors/owners were selected as research participants for the purpose of this study. These entities and the respective officials have been understood to have undertaken CSR initiatives. Similarly, two government officials one of them a foreign national working as an advisor to the Ministry of Education were interviewed from the perspective of how government views the role played by corporate and to identify if any gap exists in the understanding on the roles of government vis-à-vis the perspectives of the corporate and vice versa. The foreign national working as advisor to government of Nepal in the Ministry of Education was considered additionally to assess the CSR practices of companies abroad in educational fields to compare with CSR practices of Nepalese companies in the educational field.

Two bankers, one a director and one a Chief Executive Officer representing two most prominent joint venture banks in the country were also interviewed for their insights on CSR and roles of companies in espousing CSR. Two independent non-

governmental agency officials, one of them, a foreign national working in Nepal as CSR expert and the other working as CSR officer in an international non-government organization were also selected for their independent views on role of government in encouraging CSR and on their understanding about CSR practices adopted by business organizations in Nepal.

A Principal of a school that was a beneficiary of CSR activity was also interviewed for his understanding and perception of CSR. Likewise, a parent whose child was a beneficiary under CSR activity of an educational institution in the form of scholarship and a student, a beneficiary through- out her academic life up to the tertiary level were also interviewed.

This method can also be termed “Elite Interviewing” (Marshall & Rossman, 1995, as cited in Anthonisz, 2008, p. 37), as research participants are selected for interviews on the basis of their expertise in areas relevant to the research, allowing for the collection of valuable information. A disadvantage of elite interviewing is that accessibility becomes problematic because “they are usually busy people operating under demanding time constraints; they are often also difficult to reach. In the purposeful sampling I adopted the elite sampling which is an assembling of the sample of persons with known or demonstrable experience and expertise in the area of CSR, including benefactors of CSR activities to elicit views on CSR by participants who would contribute in my research.

I have coded my research participants as follows to facilitate presentation of their views:

CSR Officer	Participant A
Foreign advisor with Government	Participant B
Government Official	Participant C
CSR Expert	Participant D
Bank Director	Participant E
Bank CEO	Participant F
Managing Director of Group of Industries	Participant G
Owner of Departmental Store	Participant H
Managing Director of Company	Participant I
Chairman of Group of Industries	Participant J
School Principal	Participant K
Parent	Participant L
Student	Participant M

Data Analysis and Interpretation

Best and Kahn (2003) have stated the emphasis of data analysis is on intuitive understanding and practical application rather than on derivation of formulas (p.339). The points that need to be considered in qualitative data analysis are recording of experiences, interpretation of interviews. Interviews were of those people who could contribute to my study. Data gathered from the interviews were reviewed, edited and interpreted in such a way as not to have any bias influences as data analysis can be manipulated to come up with wrong conclusions.

Qualitative data emerged through interviews. The views of research participants were noted down in writing. The interviews of 13 respondents were organized and studied thoroughly to obtain a general sense and general idea of what the participants said. The similarities and differences of the responses were identified. The data was coded and themes developed on the basis of the nature and type of responses.

I followed the steps as discussed hereunder to interpret and analyze the information. I have used field notes to record data. Interviews were conducted in Nepali language for some respondents, English for one research participant and a mixture of Nepali and English for a majority of research participants. After finishing data collection, I transcribed it on the same day. The data was then arranged in a systematic way through coding process. Coding process is the organizing of materials into chunks or segments of texts so that meaning can be derived. This involved dividing the gathered data. In my case, sentences into categories and labeling these categories with a term based on the actual language of the participant. After categorizing the data, I started to present, interpret and analyze it to address the research questions.

Addressing Quality Standards

The ability to accurately interpret results of any study is dependent on the decisions of the researcher to enhance study validity (Whittemore & Melkus, 2008, p. 205). In quantitative research the researcher gives priority to enhancing consistency by using many tools and techniques. It is quite different in qualitative research. Golafshani (2003) says qualitative research uses a naturalistic approach that seeks to understand

phenomena in context-specific settings, such as "real world setting [where] the researcher does not attempt to manipulate the phenomenon of interest" (p. 600).

In qualitative research, terms like trustworthiness, credibility, dependability, conformability and transferability are used as terms of validity and reliability are used in quantitative research (Whittemore & Melkus, 2008, p. 205). The qualitative researcher has to face the problem of triple crisis. Denzin and Lincoln (2005) argue a triple crisis i.e. crisis of representation, legitimation and praxis confronts qualitative researcher in the human discipline (p. 19). Triple crisis (crisis of representation, crisis of praxis and crisis of legitimization) method was applied to verify collected information to ascertain that all the data collected represents the concerned stake holders, that it is usable in Nepali context, and that the data is legitimate.

For crisis of representation, I interviewed a cross-section of people representing different groups of stakeholders and used various methods of data collection and used them in multiple layers of analysis. For crisis of praxis and legitimization, I had long and deep discussion with all the members that I interviewed to ensure that the data I was getting were legitimate and applicable in the Nepali context. I have also addressed the crisis of legitimation by the depth of interpretation during my research. The crisis of praxis has also been addressed using the different theories related to corporate social responsibility and its practices in the Nepalese context.

Furthermore, triangulation of data has been done to address the issues of such crisis. Triangulation is one of the common strategies to enhance credibility of the research. Denzin and Lincoln (2005) assert that triangulation reflects an attempt to secure an in-depth understanding of the phenomenon in question; it is not a tool or a

strategy of validation but an alternative to validation (p. 5). It has been generally considered a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation (Denzin & Lincoln, 2005, p. 454).

Likewise, Patton (1990) says that one of the important ways to strengthen a study design is through triangulation. Similarly Creswell (2003) has also suggested various techniques such as triangulation of data sources to achieve validity and reliability (p.204).

Furthermore, Denzin and Lincoln (1978) have identified the use of variety of data sources as one of the techniques of data triangulation.

Time Triangulation

The research participants were visited by the researcher more than once at different intervals to verify that the views and facts expressed by the respondents were what they had originally expressed. There was a gap of a month between the first visit to record their interviews and subsequent visit for verification of their statement after finishing interviews with all my research participants and finishing transcribing the interviews.

Space Triangulation

The interviews were carried out at different dates at different office locations of the respondents. The interview settings were in natural setting at the work sites of the respondents and carried out in a relaxed atmosphere. I had difficulty in arranging appointment of three research participants whose offices I had to visit more than two three times and after making numerous phone calls. Appointments of other research participants were done with comparative ease. My observation was that research participants with whom the researcher was closely acquainted were available with

ease and getting appointments of research participants reached through recommendations of the known research participants was comparatively more difficult.

Person Triangulation

Different persons from different sectors were interviewed to ensure that the data represented a cross section of people and thus different perspectives. The research participants comprised a cross section of the society including people from private businesses, government officials, bankers, CSR experts representing independent agencies, school principal, a beneficiary of CSR activity. The research participants included local nationals as well as foreign nationals.

To ensure the credibility concerns I used triangulation of data generation methods, clarifying researcher's bias, and rich and thick description of the context and process (Creswell, 2007) for ensuring authenticity and credibility.

Golafshani (2003) has said that to ensure dependability in qualitative research, examination of trustworthiness is crucial. Seale (1999) says "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (Seale, 1999, as cited in Golafshani, 2003, p. 601).

To ensure conformability concern and to ensure that my interpretations of research participants were reflective of their own constructions and experiences, I used the time triangulation method of data generation. In qualitative research, the actions and perceptions of participants are analyzed for their expressions of meaning within a given context. Conformability is an accurate means for verifying and understanding a phenomenon from the perspective of research participants and to understand the meanings people give to their experiences.

To ensure communicability I had long and deep discussion with all the members so that I could provide a thick and rich description of the views of the respondents. Communicability is a process adopted in data collection and interpretation of data. The concern with communicability has also been addressed through purposeful selection of research participants so that they aptly represent the research design, limitations, and delimitations of the study and ensure that the data are legitimate and applicable in the context of Nepal.

Ethical Compliance

I have made conscious effort to address the ethical issue of representation of facts as they were represented by the research participants. Views and ideas have been documented without any bias and prejudice and I have referred to them in the thesis. I have ensured that participation and views of respondents were voluntary and given them credit for the success of the study. Prior approval from my research participants and consent from all participants was taken before the interviews. There was no bias towards people on the basis of their particular group or caste or gender.

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

This chapter explains how data has been analyzed. It quotes data from interviews with different concerned stakeholders. Data analysis is a method in which collected raw data is organized in a manner from where meaningful information can be extracted. The process of organizing data is a key to understanding what the data contains and does not contain.

In searching for the meaning of CSR, I have reviewed many literatures from which I learned that business organizations are an integral part of the community/society. Progress and sustainability of these entities depend on the relationship maintained by them with different stakeholders. Relationship can be defined as the way of response a business organization conducts with its stakeholders. Stakeholders can be defined as those parties who give something to the organization and in return anticipate reciprocity.

Stockholders, employees, communities, government bodies and the market are examples of stakeholders. Organization cannot sustain for the long term without the support of the stakeholders. So the need of CSR is realization to get continuous support for operation of business from such parties. CSR, according to Hohnen (2007) is:

“Social responsibility (is the) responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of

stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization. CSR is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability (p.4)”.

The above definition clears the meaning and importance of CSR in modern business. I agree with this view. Further, I learned that CSR is a thoughtful and evolving concept though it has a long and varied history. Social responsibility is a theme that has long been a focus of attention and interest on the part of business practitioners and academics (Gorte, 2005, as cited in Peterson & Jun, 2009, p. 385). CSR is a relatively new approach to corporate management and governance and has been discussed widely during the past two decades (Margolis & Walsh, 2003, Orlitzky, Schmidt, & Rynes, 2003, Walsh, Weber, & Margolis, 2003, as cited in Campbell, 2006, p. 925).

In the same way Jaffer, M. J, Sohail, S.B. and Orr, D. (n. d.) define CSR as an evolving concept and is generally understood to be the way in which a company achieves a balance or integration of economic, environmental and social imperatives, whilst at the same time addressing shareholder and stakeholder expectations (p. 1). Since CSR is an evolving concept its meaning is contextual and it is difficult to pin it down with a definition. Campbell (2006) argues in a similar way: defining CSR is not easy. It involves specifying the type of corporate behavior with which we are

concerned, of which there are many possibilities, such as how a firm treats the environment, its employees, its customers, and so on (p. 928). It involves comparing corporate behavior with some standard, such as those posed by the law or international organizations and it involves distinguishing between the rhetoric and substantive behavior of firms.

The meaning and definition of CSR is context dependent, I learned this in the process of reviewing literature and the preceding paragraphs also indicate the same. Not only in literature, I also found various meaning and concepts related to CSR from interview with my research participants.

To explore the meaning of CSR in a broader sense, I am going to discuss the themes that I have mentioned earlier in the first and second chapter. Thematic analysis helps to sort the data into different categories. The various data derived from interviews must be analyzed carefully. In this research, I interacted and interviewed many personalities from diversified background of work experience which gave me ideas and opinions on CSR in Nepal.

Knowledge and Perception about CSR

Research participants were asked what they understood by corporate social responsibility.

Participant A answered,

“Not many are clear what is CSR and even educated people in Nepal are not aware about CSR as the Nepalese diaspora does not have much exposure to CSR and people in Nepal consider charity and philanthropic activity as CSR.”

It can be observed from the response of participant A that not many are clear what CSR is and even educated people in Nepal are not aware about CSR as the Nepalese diaspora does not have much exposure to CSR.

Participant B echoed similar views during a separate interview. He stated: *“The private sector now have a charity driven approach to my mind. Corporates seem to be valuing CSR for short term benefit and it is felt CSR is a basis of disguise for marketing and creating brand awareness of their products and services”*.

Participant C stated that considering the current form in which CSR initiatives are taken by business organizations in Nepal, CSR is done more with a view to increasing the visibility of the organization and its product than welfare. He further added,

“Profit maybe the sole motive of CSR by companies and social responsibility may not be integral part of their CSR”

Participant L, parent of a beneficiary of scholarship under CSR of an educational said,

“There are several reasons due to which scholarship are given. The fee structure of the institute is quite high and to attract students they have made scholarship schemes. The scholarships are given more with the intention of fulfilling government regulation that 10% of total school enrollment must be given scholarship. The scholarship is meant purely for the needy and poor students. However, this has not been made applicable and scholarships or waivers have been given in such a way that the institute wants to enroll only students securing high marks. This is to ensure the institute achieves good

results and can attract more students in the coming years by publicizing this. This is certainly not CSR in my view but a marketing ploy”.

It can be observed from the view of participant L that organizations act as if CSR is for fulfilling regulatory requirement and more for marketing opportunity the organization exploits.

Participant D, involved in disseminating information through research and reports and conducting workshops and seminars about corporate culture and good governance, was critical about the private sector and their role. She stated:

“Business corporates have misconception about CSR and understand it as doing charity after making profit”.

Participants B, C and D from the government and non-business sector views the business sector’s involvement in CSR as charity work. This view is also supported by Karkar & Godbole (2007) who stated: CSR is a very new concept in Nepal’s business community and differs widely from the one which is usually understood in industrially developed countries. It mostly revolves around charitable activities. It would take considerable time and effort to promote CSR within the Corporate and business world in Nepal (p. 26-27).

(Participant E)

Participant E informed that his organization includes CSR as an integral part of its corporate strategy. Though they are associated with a global organization, their CSR initiatives are based on the local context and requirements of where they are located. He informed,

“CSR subject is recognized by our organization and is an integral part of our corporate strategy”.

Participant F shed insights on how his organization perceived CSR. He stated: *“CSR for organization means giving back to the society from which society the organization has made something and that the giving back should be targeted towards the less privileged”*.

Participant G believes doing social work with return motive through profit oriented business is also CSR. In his understanding CSR was:

“Organization should feel responsible for CSR and this has to be incorporated in the mission and vision statement of the organization. CSR is a voluntary activity for which there must be willingness on the part of the organization to make a contribution”.

Participant H was influenced by his family upbringing to do CSR. He was of the view:

“CSR is responsibility of all those involved in business. Contributing towards social responsibility does not come automatically but is part of the upbringing of an individual. If a person has an upbringing in a culture and family which has a ‘giving culture’ the person embraces the ‘giving culture’.

(Participant I)

Participant I in whose companies CSR activities were mostly related with industry staff and surroundings, stated:

“There are two types of CSR, the direct CSR and the indirect CSR. In the direct type CSR tangible activities such as providing scholarships to children of factory workers, for staff welfare are done with the long term objective of retention of staff. In indirect terms, CSR is helping the immediate surroundings where the factories are located by bringing in infrastructural

development like electricity to the location, building road through the locality up to the factory site, generating employment for local inhabitants etc.”

Participant J explained CSR as:

“CSR has been a part of our activities from generation to generation of our family. Initially we started CSR in the traditional mode through charity by giving food, medicine and clothes to the needy, but our CSR activity in recent times has been directed towards fulfilling needs of a larger community as a whole”.

Participant M, a student who is a beneficiary under CSR in the form of scholarship commented,

“In my view, sharing the problems of society is fulfilling social responsibility. Giving donations, providing assistance are some examples of social responsibility. I am not fully aware what it actually means but have read in newspapers about organizations and individuals giving scholarships to needy children, reading and other materials to schools”.

All the research participants interviewed from the business sector confirmed CSR activities were carried out by their companies.

It can be observed from the responses of participant I and M that they viewed charitable giving and providing assistance as CSR. It was noticed from the responses of participants H and J that they believed the act of giving was embedded in their culture and they inherited it from their fathers and forefathers. On the other hand, it was noticed that CSR was a part of corporate strategy, according to participants E and G and done with the long term objective of giving back to the society in which it

operates. It can however be observed, that majority of participants from the business sector view CSR as fulfilling social obligations.

The fact that all business companies interviewed undertake CSR indicates that giving has had some impact on CSR activities of the companies. From the views expressed by the participants' it can be noticed that the concept of CSR has existed in the form of social service or service to society. A study carried out by Parajuli, Bhattarai and Thakuri (2011) observed that a majority of the business society in Nepal understood CSR as being service to society (p.38).

It can be observed from the responses of participants from the non-business sector that CSR by business sector is perceived as charitable contribution and social responsibility was not a part of their corporate strategy. It was observed from the response of participants from the non-business sector that they are of the view that profit was the main motive of the business sector in doing CSR and as marketing tool.

It is quite natural for business organizations to expect returns on their investments. McAlister and Ferrell have stated that firms that use donations and charity as strategic philanthropic activity seek to maximize the financial value of the firm's donation (McAlister & Ferrell, 2002, as cited in Polonsky & Grau, 2008, p. 138). Polonsky and Grau (2008) argue that organizations that are motivated by "pure" philanthropic grounds might be more interested in ensuring that donations maximize the social value of donations and thus use aspects of the social value evaluation. Although, this would not mean that corporate donors would necessarily select the highest "value" charity, it optimizes social value within a specific domain (i.e., they might want to find the best environmental charity within their local community) (p. 138).

The aforementioned therefore confirms the argument of Campbell (2006) as mentioned in Chapter II that “defining CSR is a complex that involves specifying the type of corporate behavior with which we are concerned, of which there are many possibilities such as how a firm treats the environment, its employees, its customers and so on” (Campbell, p. 928).

Participant C said during the interview that there must be a blend of service motive and reality of the market force for any CSR initiative. On this basis we can note that profit alone should not be the motive and at the same time we should not forget that charity cannot not sustain if those willing to do so themselves don’t make money.

In my understanding, activity based on charity is only a marketing tool and a bargaining point for getting business which cannot be sustainable in the long term. However, CSR with a long term strategy will be sustainable and in the process if the business organization also desires to make profit that should not be held against them.

Current CSR practices and activities of select organizations in CSR

Participants were asked to which standard or guidelines they adhered in the CSR activities undertaken by their companies.

Participant E stated,

“Our organization started CSR activity in the year 2000 after CSR was incorporated the company’s vision”.

This organization initially started by funding for cataract surgery for poor people and was also involved in Vitamin A project through Helen Keller Foundation. Another initiative taken was in line with their group head office activity of worldwide

support in funding HIV awareness programs and their Nepal office also sponsored HIV awareness program in different schools, campuses and offices in Nepal.

Taking cognizance of poverty in the country, Participant E further stated:

“Our organization has also moved on to the educational field as a CSR activity as we were convinced the education sector needed help and particularly the poor society who have the potential but who cannot afford”.

Participant F informed,

“Our bank is developing a CSR policy and after that we will have a targeted area on which we will focus our CSR initiative on long term basis. Our organization has been contributing to the field of sport, education and health over the years and probably cannot be termed as CSR. We have also recently adopted a government primary level school in the western region of Nepal and hopefully this will be a long term association.”

Participant G said,

“Organizations should feel responsible for CSR and this has to be incorporated in the mission and vision statement of the organization”.

He said the group is providing scholarships through various programs such as Gyan Udaya and Growing Service Leaders program. The group is also supporting a local community school Samata Shiksha Niketan in Nawalparasi district in its CSR efforts.

Participant H informed about giving scholarship to two students from rural areas every year to study MBBS with the expectation that they will serve their community upon completion of their studies. He added:

“This was influenced by my own experience of not having good medical care due to lack of qualified medical doctors while growing up in a hilly area of Nepal. It is my belief those who do not do CSR will ultimately see depletion in their assets and the long term impact of CSR is that it will bring a lot of goodwill for the organization and help sustain the business from generation to generation”.

Participant J said it is a family initiative to be involved in CSR activities and mentioned:

“Our CSR activity has been mainly focused on education and health sector. We have established a multipurpose college, built the out - patient department and eye service wing in the zonal hospital in a city of central Nepal. Similarly, we have assisted in building a science block for a reputed university of Nepal as well as a women’s hostel for the same university”.

Participant M was asked why she viewed organizations were involved in CSR, she said:

“I come from a backward (dalit) community and have been studying with scholarship from my schooldays in class 1. My family lived in the locality much before the time the school that I studied was established. The village committee, I am told, had put a condition with the school management before the construction of the school that children from the backward community should be given consideration for scholarship. So the school, to fulfill that promise, has given scholarship to a few students of my community. Being a girl child also helped me get the scholarship. This way, I feel I have been privileged”.

Five out of the six participants gave specific responses to current CSR practices and activities done by their organization. Two participants E and G from the business sector claimed that CSR had an influence on them as it is mentioned in the vision and mission statement of their organization. Participant F informed that CSR policy was being formulated for long term involvement. Two participants H and J stated they adhered to their family values. Participant M viewed it as some kind of give and take for an organization to be involved in CSR.

It can be observed that the owners or the CEOs of the company are taking the lead role in formulation of policies, vision and mission of the organization and from the above that CSR is guided by the commitment of the top management.

Sen (2009) in the book the idea of justice elucidates:

“Ashoka the emperor of India in the 3rd century BC, thought social justice as the advancing of the welfare and freedom of people in general is an important role for the state as well as of individuals in society and can be achieved through voluntary good behavior of the citizens themselves (p. 76).

It can be taken from the above that it is the responsibility of individuals to take the initiative for advancing the welfare of society. Based on this, it can be considered it is not unusual if CSR activities are undertaken by one or two key persons of an organization. CSR should however not be about pursuing the CEO's personal interest but should be much more holistic approach to business

The CSR initiatives taken by the selected organizations reflect and represent local characteristics and context and the statement of participant M more or less indicates this fact. Campbell (2006) stated that “Corporations will be more likely to act in socially responsible ways if there are strong and well-enforced state regulations

in place to ensure such behavior” (Campbell, 2006, p.930). The top management is more likely to desire smooth functioning of their organization for which regulations and defined process procedures are required. The fact that organizations are subject to external and internal regulatory requirements in conducting their business will make them more inclined towards CSR.

Though businesses are involved in CSR in sectors like health, sports and education, most of the companies seem to be giving priority to the educational sector.

All of this to my understanding supports the view of re-distributive justice theory of business organizations contributing to “distribution of the benefits and burdens of social cooperation” as discussed in Chapter II of this research. Wokutch et al (2004) viewed that “socially responsible firm fulfills its economic, legal, ethical and discretionary responsibilities by earning a profit, obeying the law, acting within the prevailing industry and societal norms, and using its resources to promote overall welfare of society”.

From the responses of the participants it can be considered that owners and CEOs of business organizations feel, as they can contribute they have responsibility of fulfilling social responsibility in Nepal to those sectors of society, the poor and downtrodden to give them opportunity in those areas where the government has not been able to provide it. Backman stated that employment of minority groups, reduction in pollution, greater participation in programs to improve the community, improved medical care, improved industrial health and safety—these and other programs designed to improve the quality of life are covered by a broad umbrella of social responsibility (Backman, 1975, as cited in Carroll, 1999, p. 279).

Preference of CSR Initiative in Educational Sector

The District Education Officer of Dang district in western Nepal, in an informal communication said:

“There are about 600 pre-primary to higher secondary schools in the district and most of them are in need of developing their infrastructure for improved conditions for learning. At the start of the year I had received application from 30 schools for funds to build classrooms. Unfortunately, the budget allocated by the government was sufficient to fund only six schools. We are extremely delighted that the business sector in coordination with non-governmental agencies were coming forward and contributing resources to fulfill some of this gap to ensure school going children are able to study in acceptable conditions which is a basic right for them”. (informal communication dated 04 August 2011)

Participant A was asked in the interview whether education can be preferred sector of business organizations for CSR. He said:

“Business organizations are interested to provide resources in education as feedback are tangibles. Funding in education is measurable as key result indicators are easy to show such as passing rates, student enrollment, infrastructure creation etc.”.

Participant C, during the interview, had the following view when questioned how business organizations can be encouraged towards education sector as CSR:

“We can direct and channelize their resources, there is efficiency and competitiveness in collaboration with the government in areas like basic education and basic health. They can share some part say 20 to 30% load of the government”.

Participant B echoed similar views during a separate interview I had with him.

He stated,

“The private sector has good organizational skills, they have experts, are efficient, have wide contacts and extended networks. The government and private sector can go side by side and the private sector which has resources can assist the education sector”.

From the response of participants B, C and D from the non-business sector it can be gathered that the government could use the efficiency and networking of businesses and can channelize resources of business organizations as CSR in the education sector. The government and private sector can work in partnership so both can share in the development of the country.

The schools of remote villages expect at least basic facilities that are not fulfilled by the regular budget granted by the government. In this respect, expecting support and quality service from the private sector is not unreasonable. Supporting this view, Hohnen (2007) argues that the general public has high expectations of the private sector in terms of responsible behavior. Clients expect goods and services to reflect socially and environmentally responsible business behavior (p.2).

Participant E stated,

“Our organization has also moved on to the educational field as a CSR activity as we were convinced the education sector needed help and particularly the poor society who have the potential but who cannot afford”.

They have chosen a school and provided scholarships to 50 students which continue year after year. They have also contributed by adding a laboratory in the same school. He was of the view that though organizations make profit if they

undertake sustainable CSR, the organizations will be well received by the lower strata of society and the societal measurement of the organization will be enhanced.

From the above statement, I observed that the requirement of a particular sector, in this case the education sector, encouraged the organization to do CSR in that field. The above also reminded me of the views expressed by Participant K who said: *“There must exist corporate social responsibility requirement which would compel corporates to be encouraged to think our responsibility is there”*.

Participant F informed:

“We have adopted a government primary level school in Dhanauri village. Hopefully, this will be a long term association”.

Participant G in the question regarding channelizing CSR in the education sector said:

“Our group is a profit oriented organization and with business motive we have invested in seven educational institutions from primary to post graduate studies. We plan to invest Rs. 1 billion increasing the number of educational institutions to 25 and catering to 25,000 students. Our objective is to provide good education which will help empower the students and be helpful in obtaining gainful employment”.

Similarly, in an interview I had with Participant K with regard to the question about channelizing CSR in the education sector, he said:

“There must be requirement of corporate social responsibility created, which would encourage business organizations to think our responsibility is there. I feel the villages can be developed through corporate social responsibility and if corporates who make profit can

have a policy of financing in education it would assist the education sector”.

It is observed from the informal communication and Participant K that there is a gap in government funding in the education sector and that the business organizations can step in to fulfill some of the responsibilities that cannot be fully met by the government alone. The conditions of the schools also reveal how the deprived and poor people for want of resources are not able to get even basic rights which they are entitled to.

From the statement of the same two respondents, it can be noted that if the need is created, the business sector would be encouraged do CSR with focus on education and it would help the education sector.

Participant M when enquired how CSR could be channelized in the education sector said:

“As doing CSR in education fulfills both short and long term needs of the society, organizations must be given some preferences and recognition of those who undertake CSR in the education sector. We must make society aware about the benefits of education and create need so that organizations move forward to do CSR”.

The government’s inability to provide adequate funds does not allow local schools to face problems of building proper infrastructure, teaching materials, furniture, lab, library due to which student are not getting proper learning environment. The corporate sector can support to build up good teaching and learning environment by taking initiatives to cater to such problems faced by schools and least

advantaged society. This support not only reduces the problems of schools but also supports to fulfill the education rights of the children from poor families.

As it is the people of the villages are not only poor but are least advantaged economically and socially as well which is unjust. Srinjoy (n.d.) quotes Rawls theory on principle of justice and states: (economic) inequalities within a society are unjust unless they benefit everyone, including the least advantaged.

It can also be noticed from participants of business organizations that they consider education as one of the key areas where CSR is possible. The reasons for choosing education sector as CSR could be different for different organization but from the response of one of the respondents, business organizations are interested in providing resources to education as feedback is tangible. Funding in education is measurable as key result indicators are easy to show such as passing rates, student enrollment, infrastructure creation etc.

It can be comprehended that some consider doing CSR in education with a profit motive as a business, some see a need to assist with the intention of helping the poor in society who cannot afford education. Drucker (1973) put forward the view that social responsibility of business is to convert social problem into economic opportunity; and economic benefit into productive capacity, into human competence, into well-paid jobs and into wealth.

The motive of profit earning motive is a long term option and investments in educational institutions could benefit the country as it produces educated people who will bring about multiple benefits to the country. Institutions like Harvard University of USA, Oxford and Cambridge Universities of UK; Asian Institute of Technology, Thailand; and Asian Institute of Management, Philippines; immediately come to

mind when you consider the long term impacts of educational institutions on a country.

An educated workforce will produce efficient workforce for the future of the country, enhance efficiency, reduce redundancy as a whole and impact the life of the family. The consequences of CSR in the field of education will be it will produce better trained workforce, equip them with basic skills which would help them gain and exploit employment opportunities in the local market as well as help Nepalese workers seek better employment opportunities abroad which is good for the country and will be the backbone of the economy.

Corporate social responsibility represents a concern with the needs and goals of the school, which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business's role in supporting and improving education and position of schools (Eells & Walton, 1974, as cited in Carroll, 1999, p. 271).

Institutionalization of CSR and its Challenges and Problems

Participants were asked how CSR can be institutionalized and what were the challenges and problems in implementation of CSR.

Participant A, during the interview, viewed it requires a lot of understanding of the social problems to really come up with CSR activities. Her organization, an NGO, has encouraged organizations to be involved in long term CSR through a program called "adopt a school". She says: "*Business people are interested in getting involved in CSR but lack the expertise. Organizations doing CSR must increase*

awareness levels of their staff about CSR activities undertaken as this will help in institutionalizing CSR in the organization”.

She further said:

“Business organizations have not come forward in CSR as they are apprehensive whether the resources they provide will be put to good use. Business organizations are also not encouraged to engage in CSR as the government does not see funds spent on CSR as allowable expenses beyond a certain limit and does not entitle them to tax rebates”.

Participant B said:

“If organizations want to institutionalize CSR, they should be guided by the organization’s value, CSR should be voluntary. Allocation of funds for CSR by organizations should be made in their annual plan rather than having schemes like if organization achieves this much of sale we will do CSR”.

Participant B further added,

“The government must have a structure and instrument through which the business corporates are encouraged to engage in being socially responsible”.

Participant D was of the view:

“CSR by one organization could pressurize other organizations to do CSR and communicating about CSR is a good thing as long as the intention is to create awareness and provide information”.

Participant D added;

“CSR as one time activity such as sponsoring books on one time basis for a school by organization does not make business sense and to be sustainable CSR has to be a win-

win initiative so that businesses continue to extend their support on long term basis”.

She further stated:

“The government should enforce laws and increase monitoring and supervision on their part which is lax or completely lacking. It should be careful in introducing policies by having enough checks and controls so that in the pretext of following regulations, businesses do not misuse them”.

Participant E, when asked how CSR can be institutionalized, explained:

“It takes time for CSR to be institutionalized and the subject should be recognized by the organization. Awareness program in the organization about CSR and including it in the vision and mission statement of the organization will educate staff on CSR”.

In-depth study of the responses of participant reveals there is no single way of institutionalizing CSR. It can be noticed that some respondents feel the organization should be guided by value and it will result in CSR being embedded in the institution. Some respondents have said to institutionalize CSR, it should be made part of the company’s business strategy and that it should be mentioned in their mission and vision. It can be observed that some prefer the subject of CSR to be recognized by the organization and it will gradually be institutionalized.

When questioned about the challenges and problems of CSR, Participant E said:

“Government should have a fast track system of processing requests of CSR where approvals are needed and do away with bureaucratic interventions”.

Participant F said,

“CSR by one organization could lead other organizations also towards CSR.

Nepal as a country probably may not have so much exposure to CSR, but

seeing examples of why and how CSR is being done in other countries, we will realize it should be done”.

Participant H, on the issue of challenges and problems faced regarding institutionalizing CSR in an organized way, said:

”The laws of the country are not that encouraging and there is lot of bureaucratic procedures which act as barriers for those who want to do CSR. Government should encourage business and industries through rebates and waivers for CSR activities directed towards education and health as the benefits would accrue to the general public”.

Participant H further added:

“The government at the same time must adopt checks and balances for supervision and monitoring”.

Participant I on the question of the challenges and problems of CSR informed:

“The government lacks strong monitoring and supervision for ensuring industries that follow government norms remain competitive against those who follow unscrupulous practices. The government could also introduce some incentives for business organizations that carry out social obligations so that they are encouraged”.

Participant J with regard to institutionalization of CSR said it has to be done with long term perspective in mind. He said:

“One should not do publicity of CSR activity to gain mileage. The company’s name and products automatically gain recognition if the company is associated with CSR as it helps to maintain relationship and the presence of the company and its products in the community”.

He went on to say:

“The government should have flexible guidelines on social work. It must make some concessions in the fiscal budget for those willing to do CSR programs that help the community. Increased CSR activity by the business sector will bring in some additional activities and help the government meet some of the social needs which it has not been able to take care of”.

It was observed from the responses to the idea of institutionalizing CSR in organizations, that the role of government as facilitator would encourage organizations towards CSR. Further supervision and monitoring of business practices by government is also important so that organizations who are involved in ethical practices remain competitive against those who use unscrupulous means to run business.

It was noticed that the business sector expects some relaxation in the current laws in form of flexible guidelines for attracting business organizations towards social responsibilities, incentives to organization to fulfill social obligations, elimination of bureaucratic procedures to encourage organizations towards CSR as well as tax rebates for institutionalization of CSR. Lack of proper governmental approach and lack of awareness in the staff and general businesses as about CSR have been observed to be the challenges and problems of CSR.

It can be observed CSR could have replicative effect as business organizations implementing CSR can attract institutions to engage in CSR, thereby creating awareness about the need to be socially responsible. CSR can impact the long term functioning of a business organization by creating goodwill and long term business prospects. Philanthropic endeavors can enhance the competitive context—the quality

of the business environment in the locations where firms operate—thereby aligning social and economic goals and improving the firm’s long-term business prospects (Pepin, 2005, Porter & Kramer, 2002, as cited in Peterson & Jun, p. 388).

CHAPTER V

FINDINGS, DISCUSSIONS, CONCLUSION AND IMPLICATIONS

This chapter discusses research questions and other questions that arise through the statements and views obtained through research participants. It also includes the findings of the study regarding CSR and the implications.

Findings

The selected business organizations seem to have understanding about CSR though it may not be that broad. While there may still be apprehension on the part of many other organizations of the corporate sector whether or not they should undertake CSR initiatives, and if they do then what are the basis for deciding if they should start. I Furthermore, I have discussed the realities of CSR extracted through the perspective of business organizations, government planners and the non-governmental agencies on the basis of the study carried out. I have tried to assess the positives and drawbacks associated with CSR and made an attempt to present it to the readers.

Participants' Perceptions about CSR in the Nepalese Context

My research participants had the following perceptions regarding CSR in the Nepalese context:

CSR was considered a potential strategy to provide services to society:

CSR was found to have existed in the form of social service or service to society.

Many business organizations were found to be using CSR as charitable giving in the form of donations and contributions without aligning it with their business strategy.

CSR, for most, is done for satisfaction and due to the feeling that they need to contribute. Even if it is done as business strategy, it is done with the intention of

fulfilling the organizations' own benefit such as staff retention, acceptance by local community by way of involvement in providing health facilities and educational opportunities, bringing changes in society by catering to the needs of the poor and affected. This finding is supported by the observation made by Parajuli, Bhattarai and Thakur (2011) that majority of business society in Nepal understood CSR as being service to society.

Though few organizations have started to include CSR in their mission, vision and corporate strategy, this practice is yet to be widely adopted. Organizations consider CSR as a voluntary job over and above the regulatory requirement.

It was observed that most of the CSR activities were considered on one off basis by business organizations though some organizations have the commitment to give continuity to their contribution, if the need is there. In view of the institutional theory, organizations act in accordance with the rules set out in institutions by devising strategies to survive or win in society. Hence all activities, be it the one off CSR strategy or long term CSR strategy, they are done with the aim of either survival or progressing.

The initiatives in terms of re-distributive theory provide opportunity of equity to those who do not have the resources. In return, organizations gain acceptance of the society. The initiatives however have to be on long term basis rather than short term contribution.

CSR was considered a tool to create brand awareness and as a tool to legitimize

dealings:

Though social responsibilities carried out are termed as CSR, it can be noted that they are basically used as a marketing tool to create awareness about the brands and

services by business organizations. Donations and contributions are made in the name of the organization which acts as branding and creating positive image in the mind of the general public or consumers. It can be observed that business organizations also view CSR as medium to gain approval of the community that it exists in. In order to alleviate suspicion of communities that environment and resources in their region could be exploited, business organizations invest in these communities and build schools, hospitals, cultural institutions and other infrastructure, terming them as indirect CSR.

It was observed that business organizations focus on public relations and the perception of the company among consumers and its stakeholders like staff. They attempt to differentiate from its competitors in product, price, service and benefits when they realize there is not much that separates them from their competitors, and that the reputation of the company may be an additional factor that could lead customers to choose them.

It can be noticed that some organizations have made investment with the intention of gaining profit. For some companies there is the expectation that their initiative will contribute to the overall goodness of the nation in the long run, whereas some organizations have invested without anticipating any immediate returns, but have community welfare in mind.

It is felt that the two findings on CSR being considered as potential strategy for providing service to society and as tool for creating brand awareness and seeking to legitimize their dealings go hand in hand as both aim to achieve acceptance from the general people with regard to organizations' role in society. This works well both in the short and long term basis.

The findings do not seem to have a bearing either on the institutional theory or re-distributive theory. CSR, per se seems to be done solely for the purpose of the organizations benefit with the image and brand of the organization as motives rather than for the benefit of the society at large. CSR done with such motive may not be adopted as a culture of the organization because once the objective for doing CSR is achieved the initiative may discontinue.

CSR Practice in Selected Nepalese Business Organizations

From my study I have found that:

CSR is guided by the commitment of the top management:

CSR was found to be driven by the value of its owners or individuals as against some organizations where CSR seems to be the orientation of the organization itself.

Godbole and Karkara (2007) review and conclude on CSR as practiced in South Asia:

CSR as is practiced today in South Asia is in an evolutionary stage. At best it is very strategic, system oriented and interwoven in the main business strategy of the organization. And at worst it is still a phenomenon which depends on the whims and fancies of either the founder or the current CEO. Even though a majority of the CSR initiatives follow more of the philanthropic approach to work, evidence of a more stakeholder oriented model of work is also witnessed (p.32).

It can be noted that individual influence on CSR practices cannot be entirely ruled out. It seems natural that CSR activities in Nepal are also guided by the top management.

There is no harm in individuals being the driving force but if done with the organizations' instinctive understanding, the CSR becomes more long term and

purposeful with regard to the business interest of the organization. A socially responsible entrepreneur or manager is one who is interested not only in their own well-being but also in the well-being of the other members of the enterprise and of their fellow citizens (Carroll, 1999, p. 274).

Take any example. Be it value, philanthropy or business orientation someone at the top must drive the initiative. In business organizations, it is mostly the owner, CEO or top managers making decisions on what CSR activity and where the CSR activity is to be directed. The findings of a survey carried out by Karmayog in 2007-2008 of 500 largest companies in India also found that CSR is often guided by the commitment of the top management.

In terms of institutional theory only the commitment of top level management does not augur well if organizations fail to involve people from all levels of the organization. The lack of ownership by majority of the people of the organization would result in CSR being discontinued if there is change of people in the top management and other individuals are not keen on taking forward the existing CSR initiatives.

Preference of Educational Sector as CSR Initiative

Based on research literatures and my participants' views I found that:

Business organizations could act as a bridge to fulfill some of the responsibilities that cannot be fully met by the government alone:

It was observed that there is potential for government and private sector to work in partnership so both can share in the development of the country. In the past, government financing of education has not been prioritized in Nepal in the annual budgetary allocation. Though in the annual plans of the last few years, the quantum

and as percentage of the national budget, the education budget has been increasing, most of it goes on salary and administrative expenses of operating the institutions.

It was felt that directing CSR initiative toward the educational sector will result in mutual benefit both to the government and business. By doing this, business organizations will share the burden of the government and provide opportunity to the larger community to get education for the business as a whole, in future, it will provide them a pool of labour who will be educated and efficient.

It was observed that business organizations consider education as one key area where CSR is possible. They were interested in providing resources in the education sector as feedback are tangible. Funding in education was considered measurable as key result indicators are easy to see such as pass rates, student enrollment, infrastructure erection etc. It was felt CSR investment in the field of education would result in production of better trained workforce which is not only good for the country and but will also be the backbone of the economy.

Business organizations have resources in the form of financial capital and human capital with various expertise and knowledge. They can help through target based CSR objectives which can be beneficial either through financing such initiative or preparing learning materials and making technology available for use.

Education provides a national platform to the youth to show their talent and intelligence. It provides exposure to the youth to build their confidence besides increasing the sense of fair competition, value of teamwork and dedication. Intention of corporates to venture into educational sector as CSR would be to train local manpower and equip them with basic skills, which would help them gain and exploit employment opportunities in the domestic and international market.

Businesses require a labor pool with specific skills or with higher quality of general skills. There is no better way to improve this than by investing more in education. This labor pool also serves government institutions and allows ministries and other state structures to improve the quality of its own staff as well.

Employees with greater skills are also more active citizens with a greater sense of civic conscience. In conditions of economic development, the ability to gain more skills is associated with a higher salary and better living conditions for the individuals involved.

Nepalese corporate sector can focus on CSR in the technical and vocational training sector. The intention behind this would be to train those people who cannot afford to study beyond basic education and equip them with basic skills which would help them gain and exploit employment opportunities which otherwise they may not get. An educated workforce will enhance efficiency, reduce redundancy as a whole and impact the life of their family.

If we take the example of the government finding it difficult to meet the educational sector requirement of one district in the western development region, and if we consider the whole of Nepal the governments' difficulty will be multifold. The Nepalese corporate sector can definitely make a big contribution by sharing some load in the educational sector. The Nepalese corporate sector would do the nation a big service as it would be doing justice under the re-distributive theory through "distribution of the benefits and undertaking burdens of social cooperation". The justification for economic re-distribution is based on the idea of 'equality of opportunity'. The concept is based on the belief that it is unfair for individuals to be

disadvantaged or privileged due to arbitrary and undeserved differences in their social circumstances.

Institutionalization of CSR, its Challenges and Problems

From the responses of my research participants I have observed that:

Adoption of documented CSR policy and CSR included in corporate strategy to be institutionalized:

Public awareness of CSR was found to be low. Hence, there is less pressure from consumers on companies and this lack of consumer interest is considered a barrier for companies to act more responsibly.

We can observe from the responses that CSR ought to be guided by the organizations' value if organizations want to institutionalize. CSR being voluntary, there must be ownership by organizations of such initiatives and the intention to help. It was noticed that CSR should not be conditional. It was felt that CSR should be made an integral part of corporate strategy. Organizations have to incorporate CSR in their mission and vision. Organizations want to be self-regulated so that the focus of CSR activity does not waver. A documented CSR policy would act as a regulation that the organizations would be enforcing on themselves that would guide or force them to adopt and institutionalize CSR. A documented CSR policy would be a factor making organizations and their leaders committed to CSR and institutionalizing it. Tolbert and Zucker (1983) were of the view that regulation forces companies to adopt more quickly than if companies remain unregulated.

The findings of a survey carried out by Karmayog in 2007-2008 of 500 largest companies in India found that companies that did not have a clearly defined CSR philosophy, the companies implemented their CSR in an ad hoc manner, unconnected

with their business process. A documented CSR policy therefore would be a path leader or guiding factor to organizations in their CSR initiatives. A documented CSR policy would be one of the factor and reasons that would make organizations and their leaders committed to CSR and institutionalize it.

It was noticed that a considerable amount of time would be needed for CSR to be institutionalized. First of all, the subject of CSR needs to be recognized by organization. Awareness program in the organization about CSR and its inclusion in the organization's vision and mission statement will educate staff on CSR. This will give the feeling of ownership of such initiatives. CSR included in the annual of organizations will contribute more than what a short term CSR plan can.

Organizations should feel responsible for CSR and there must be willingness on the part of organizations to contribute with a long term objective. It has been felt that the act of institutionalizing CSR as a regular activity of the organizations of Nepal should not be difficult as the concept of social responsibility has already been embedded in the values of the owners/business organizations from generation to generation in their family.

Government to act as facilitator to encourage organizations towards CSR:

It was observed from the responses that flexible guidelines could attract business organizations towards social work. It was noticed that business organizations expect some form of incentives, such as tax rebates and acceptance of funds spent on social obligations as allowable expenses from the government so that they are encouraged to fulfill social obligations. It was also observed that business organizations want elimination of bureaucratic procedures so that they are encouraged towards CSR, which will help institutionalize it.

The role of government as expressed by participants is vital if we want CSR to be institutionalized and if commitment from leaders of the Nepalese corporate sector is to be forthcoming. Focusing on government role in CSR, Cowe and Porritt call for 'intelligent' government action to ensure that corporate action will contribute towards sustainable development since voluntary corporate action alone will not be enough (Cowe & Porritt, 2002, as cited in The University of Bath, 2003, p.11). Most of the participants the researcher interviewed were of the view that though the government has enough laws which encourage corporates to participate in CSR, enforcement of these laws are weak and there is laxity in proper monitoring and supervision on their part.

The approach of the government toward enforcement will have to be more participatory. That is it should encourage business organizations rather than make forceful laws. After all, when it comes to fulfilling social responsibility it should not be made compulsory. Hohnen (2007) also believes governments are becoming aware of the national competitive advantages to be won from a responsible business sector. This means that the expectations from businesses are rising and governments will be looking for ways to increase the positive contribution of business in the development sector (pp. 2-5).

We can take the example of the Government of Armenia where in their five year annual plan (2008-2012) they have stated that CSR will be encouraged and the first step toward corporate responsibility is compliance with law and payment of due taxes. The Government of Greece, under the law "cultural sponsorships" provides tax reductions to companies that support cultural events. The laws are focused on creating a level playing field for companies and ensuring that all corporate citizens pay the full

amount of taxes required of them to enable law-abiding companies to stay competitive and to ensure that shadowy companies do not get business advantages. The laws also encourage institutionalization of CSR.

It is felt that Nepal government requires more law enforcing to create a level playing field and that it also needs to be flexible to allow charitable expenses as allowable expenses beyond a certain limit due to lack of which corporates are not so forthcoming in engaging in CSR activities. The example of Greece, which provides tax reductions to companies that support cultural events can be contemplated by our policy makers.

It is noticed that business organizations want Nepal government to think in terms of creating a structure in some ministry either at the Commerce or Industry ministry with the minister playing the role of Minister of CSR, providing guidance and support to best practices. The bureaucratic procedures which act as barriers for those who want to do CSR will probably be minimized with this structure in place.

In the UK, the government has appointed a Minister for CSR whose role is to provide guidance and support best practice. The expectations are on business to lead and engage in best practice applicable both from locally owned companies as well as for foreign owned companies. The Croatian Business Council for Sustainable Development is promoting CSR through publication, conferences, seminars and trainings. The organization tries to work with the government to integrate CSR in policies to strengthen capacity and ability to foster CSR in the country.

National Business Initiatives, a joint private sector undertaking in Nepal, can play the role of coordinating with the government to promote CSR. Cowe and Porritt have stated the role of government in CSR is: “The important thing for business and

society at large to understand is the limit to voluntary action, which is the point where government needs to intervene. If we are to live within the earth's capacity and share its resources equitably, economies must be transformed. That cannot be done by business alone (Cowe & Porritt, 2002, as cited in The University of Bath, 2003, p.1)".

Discussion

The fact that neither the government nor business alone can provide solution to all the woes of the country makes it important for them to work side by side or in tandem. There is need to foster a climate of good governance and accountability within both public and private sectors so it can accrue benefits to the society. Creation of conducive environment for the business sector's involvement in sharing the benefits it has gained with those who cannot provide for themselves, requires government's guidance and policy support.

As expressed by different participants, business organizations should refrain from using CSR purely as a marketing tool with profit motive. Earning profit, however, is a positive inclination. For long term sustainable CSR, organizations who engage in CSR need to register profits and not face financial difficulties if they are to continue CSR.

The statement given above would support the institutional theory as it examines the relationship between an organization and its broader institutional context. The above proposed acts would support the organization in fulfilling its relationship in the wider context with different stakeholders by continuing to be profitable.

As long as organizations earn profit in an ethical manner and channelize a part of their profit to CSR, they would be accepting the reality of market force and

probably would not be using CSR as a marketing tool. It would however be an injustice and against the theory of re-distributive justice theory if organizations with resources did not provide to those who did not have the resources. The organizations doing CSR though must create awareness of what they are doing but should refrain from generating publicity out of that.

This view however does not seem to appeal to the regulators and non-governmental agencies who perceive CSR as a means of publicizing the company without any welfare motive. As generally viewed by participants from the government sector, profit alone should not be the motive but at the same time let us not forget charity cannot be sustained if those who are willing don't make money. Making money in a business is a reality of the market force. However, as expressed by participant C, there is a need to realign the understanding that there must be a blend of the service motive and reality of market force for any CSR initiative.

Jaffer, M. J, Sohail S.B., Orr, Dignam& Co. (n.d.) stated that, CSR should not be understood simply as corporate giving and neither should it be understood as compliance with laws and regulations and externally imposed buyer-codes. On the contrary, CSR should be seen as the corporate sector's contribution to sustainable development that is consonant not only with the best corporate practices but is also focused on equity and social responsibility. (p. 1). Eells and Walton say that CSR represents a concern with the needs and goals of society which goes beyond the merely economic. Insofar the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business's role in supporting and improving that social order (Eells& Walton, 1974, as cited in Carroll, 1999, p. 271).

Business organizations need to be cautious not to add much hype to the CSR initiatives taken and do a good job of it and not try to encash on its activities. Business organizations seem to have charity- driven approach and are using CSR initiatives as a disguise for marketing and creating brand awareness of products and services. Business organizations stand to gain more if there is understanding that CSR is not a marketing strategy for profit but it is for being socially responsible.

Hohnen (2007) explains: “*businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency*” (p.8). The approach on CSR should be in the overall interest of society and benefit of society.

CSR has to be a blend of service motive and business motive. Culturally in the past the business organizations upheld the legacy of their organizations with focus on service motive and values. Examples of Guthi and Paropakar in Nepal are testimony to this. In the modern era, the behavior of corporates are shaped more by market forces and to serve in their own interest. The understanding that welfare is for the state and market is for the private sector has to be realigned and we have to have a blend of past legacy of service motive and the reality of market force for sustainable CSR.

The consequences of CSR has more often always been positive. It brings goodwill for the organizations and in this way it can be helpful for long term sustainability of the business. The education sector is an area of attraction for CSR to business organizations. The impacts of CSR in the field of education are that it helps

produce better trained workforce which is good for the country and will be the backbone of the economy.

CSR in education also fulfills social justice by providing opportunity to the poor and deprived if education is made available to them at no cost or very marginal cost. Though government has intentions to provide free education up to the basic level for all, it has not really materialized and the private sector can take up a part of this responsibility. An educated work force could be instrumental in institutionalizing good work ethics and practices thereby supporting the institutional theory understanding of this research paper as well.

Porter and Kramer (2006) have supported the view there are four prevailing reasons - sustainability, legality to operate, reputation and moral obligation – that means companies engage in CSR.

In a world where resources are limited, many companies are taking a long-term view of their operations and realizing that they need to act today in order to make sure that they can continue existing a few decades later. Issues of sustainability vary and are specific to a company's operations. Labor-intensive industries need to consider issues such as the health education of the workforce and conflict prevention. High prevalence of health hazards and conflicts, a shortage of healthy young men and women means lower productivity, so it is a company's business interest to invest in solutions to these problems.

Business organizations seek to legitimize to their dealings not only with the government but also with the community that it exists in. Communities may often look with suspicion at companies who out of their business needs are likely to exploit the environment and resources in their regions. Companies often invest heavily in

these communities and build schools, hospitals, cultural institutions and other infrastructure terming them as indirect CSR.

They engage in the community's events and demonstrate to the people in their immediate vicinity that the company's success will lead to the community's success. Nepal is no different in this respect and business organizations have done the same here as well. This leads to a general approval in the community of the company's presence and a desire to see the company succeed.

Business organizations are also focusing on public relations and the perception of the company among consumers. Companies attempt to differentiate from its competitors in product, price and service and when they realize there is not much that separates their products from those of competitors, their reputation may be the additional factor that may lead customers to choose them.

Companies need to exercise caution to make sure that their business is not harming stakeholders, which could lead to serious consequences at a later stage. Consumers, shareholders and other stakeholders are all increasingly more engaged with companies operating in the market. In today's information age where demand for good governance is high, it is in a company's best interests to stay on a moral high ground in order to carve the image of good corporate citizen. This can also help them manage business risks.

Government has a great role to play in CSR and this role can go side by side with private sector. Government can play a greater role in maximizing CSR. Government can be a catalyst in developing a fast track system in the processing of requests/action plans. A structure of how the private sector can be involved and instruments through which they can be involved must be developed. Government

should consider formulation of guidelines to attract and motivate businesses and people towards CSR. Private sector can direct and channelize their resources, efficiency and competitiveness in collaboration with the government in areas like basic education. As the government does not have the networking or the efficiency of the private sector, it can use the strength of private sector.

The government also has to improve its supervision and monitoring responsibilities. Lax monitoring by the government and the use of these provisions by the corporates in their self-interest are instrumental in the CSR not being fulfilled the way it should be. Incidences of tax evasion by business, adulteration in food and sweet industry, use of child labor etc. have to be tackled swiftly and controlled. The role of government toward business is mandating, facilitating, partnering and endorsing. A study by World Bank and IIED, reviewing public sector roles in strengthening corporates responsibility in 2002, supported four key roles for the government to encourage CSR.

In the mandating role, governments may find it beneficial to set definitions and standards for business performance and incorporate it in legislation. For example, in some countries, companies may be required by law to submit CSR reports. Such requirements necessarily are not always stifling and sometime drive innovation and development. In some countries, the law requires that companies use the “best” available technology to manage industrial emissions. As the “best” technology changes and improves, companies have to keep up and adopt this in their practices.

In the facilitating role, governments relax procedures to make it easier for companies to adopt CSR practices. This may include a number of different approaches. For example, governments could provide funding for research into CSR

and develop guidelines for companies. Governments could also use legislative means to provide tax breaks for companies that invest in the community and drive development. Other facilitative measures may include the encouragement of CSR reporting by providing companies with expertise and resources to introduce these measures.

In the partnering role, government may work alongside the private sector to achieve mutual objectives. Examples of partnerships may include improved school infrastructure through investment by companies in school, laboratories, technology, developing teaching materials and so on. Companies may work with Ministry of Education to develop training programs that will then provide them with a skilled labor pool.

In the endorsing role, government may consider providing moral or other kinds of encouragement to companies that are ahead of the rest in CSR practices. This may include an awards scheme, where the best companies are recognized on a regular basis. It may also be reflected in the government's procurement policy, where companies with good CSR records are given preference over others.

Conclusions

CSR results in mutual benefit for companies and society. It is aimed at long-term solutions, rather than quick returns for the company. CSR is an essential component for the sustainable development of any country.

The private sector is the driving force of economic development and a strong CSR strategy is synonymous with sustainable business. There are numerous issues that can be solved with the joint efforts of the government, private sector and non-profit sector, which will lead to mutual gains for all of those involved and for society

as well. In a nutshell, it can be said CSR benefits companies, the society and the government, and therefore it is an area where all sides may consider investing their time and resources.

CSR is a legal, economic and ethical obligation of companies. Organizations do not function in isolation from the society around them. Organizations can use their social responsibility efforts to enhance not only their ability to compete and sustain but also to effect social improvements. Porter and Kramer (2003) have stated the more a social improvement relates to a company's business, the more it leads to economic benefits.

The organizations however must first realize institutionalization of CSR helps to create social value and social improvement. In terms of institutional theory, business organizations must have a clear vision that CSR has a role in their institutional setup. When social processes and obligations become a part of their regular day to day thinking, the organizations will more willingly participate in sharing the social woes of the society. This in turn will transform in inclusion of the poor and down trodden to fulfill some of their basic needs such as education, health, employment opportunities. In terms of redistributive theory this is providing "equality in opportunity" and "recognition" to the poorer sections of society.

Questions of distribution have always been important and still are. Even in today's very prosperous world, we see widespread abject poverty and inequality. There is need to incorporate a concern for the well-being of the least well-off members of society. CSR by business organizations in education would be a form of investment for formation of human capital, improved efficiency, increased productivity, economic well-being of families of those who are beneficiaries of the

CSR initiative. The social benefit of CSR in education is that it improves the educational system and results in better employment opportunities for low income citizens.

In a country like Nepal which has around a quarter of its citizens below the poverty line, income inequality could further fuel social discontent and create more political instability. Hence, adoption of CSR as a policy in terms of redistribution theory would go a long way in improving the quality of human capital, especially through education improvements.

Implications of CSR

CSR not only sustains the business organization it also plays important role towards development of society and nation. In the following paragraphs, I have discussed about the implications of CSR. Areas business organizations must focus for its continued institutionalization are based on findings discussed earlier in this chapter.

Focus now can be considered as being diverted by companies on how their profit is made. This model leads to the question to be raised by the company itself how it should make its money thereby addressing the CSR issue up front. In other words, this means how you do business is important, if not more important than what you do.

Implications of CSR in Business Organizations

The implication of CSR by corporates would mean business organizations must instill CSR as a business strategy, adhere to good governance, be transparent in their dealings, be open to monitoring and supervision, have the desire to do good, have respect for law, be more conscious about ethical decision making by regarding CSR as an integral part of business decision making. Organizations are likely to encourage

ethical and responsible business practices that assist organizations to make decision that balances the needs of key stakeholders, including shareholders/owners, employees, customers, suppliers, communities and the natural environment.

This would mean organizations would not have to do CSR to seek legitimacy for their dealings as the organization would be completely transparent to all.

By embracing CSR, the organizations are more likely to adopt the following in their governance style:

a) Written Policy on CSR:

A documented CSR policy in place would direct organizations to have targeted area on which organizations can focus their CSR initiatives on long term basis. In the Nepalese context where organizations are under pressure from many places for support a written CSR policy will help organizations tackle such expectation. Such policies must be reviewed at regular intervals to ensure the organization is in line with internal and external expectations and requirements.

b) CSR as social responsiveness and not a tool for creating brand awareness and tool to seek legitimacy for their dealings:

Organizations are more likely to be transparent in the way they deal in and the need to hide shortcomings or negative aspects in the guise of CSR would not be there. Organizations would focus more on long term benefits and recognition then seeking legitimacy for their dealings by creating hype about their contribution.

c) Creating awareness:

Companies will be encouraged to publicize the importance of corporate social responsibility internally, include it as a subject in management training programs and create general public awareness through public awareness messages.

Implications of Institutionalizing CSR in Organizations

It is now generally accepted that businesses need to help address social problems that exist in the societies in which they operate. One of the main challenges for organizations with regard to corporate social responsibility activities is task of ensuring that these are sustainable in the long run.

There may be organizations which see corporate social responsibility just as an extension of their public relations, as an extension of their branding. For many companies corporate social responsibility may not be integrated in the way they do business and consider it as a preserve of a particular department usually public relations.

The implication of having CSR internalized will result in:

- Getting undisputed support and commitment from Board/CEO and CSR driven not just by the initiative of one or few individuals.
- Consider CSR a prime responsibility of management and behave in a socially responsible way.
- Translate strategies and plans into an “internal CSR” philosophy.
- Inspire and train; and do it again.
- Good governance, transparency in dealing, respect for law, openness to monitoring and supervision.

Implications of CSR in Education

Education is a priority for achieving development. The improvement of education has long been identified as an urgent matter, constituting a fundamental aspect of sustainable development.

The Government of Nepal has long taken the position that every child has the right to receive quality basic education i.e. up to grade 8. Cultural diversity is one of Nepal's national treasures. Historically some communities have not benefited equally from development and their active participation has been limited to economic, social and educational activities. Minority groups and ethnic communities have been facing marginalization. Disadvantaged groups (such as women, Dalits and ethnic minorities) have low level of participation in education. (School Sector Reform, 2007).

a) Act as bridge

Financing in education has always been a challenge for the government. In the new paradigm of development, education is worth investing in as in the long run it enhances the prosperity of their business activities (better economic and social environment) , as well as the firm's own competitiveness (better trained employees). Education is essential for modern societies to function productively, and universalized primary education helps create higher growth, lower infant and child mortality, lower fertility and a vibrant democracy.

Society as a whole and particularly businesses should have a strong interest in improving national education as education directly affects the quality of the labor force, and eventually leads to creating a populace which can consume more thanks to an increase in their purchasing power. Thus, businesses have clear incentives for participating in improving national education regimes.

b) Partnership with government

Businesses can also contribute to education partnerships with the government by providing a wide range of materials and resources. This could include everything from building new school facilities or classrooms, supplying electricity or internet, providing computers, televisions, new textbooks and other course materials.

Organizations can provide financial support via scholarships and improving school infrastructure. Financial support to girls' education, supporting adult literacy as a factor of social inclusion may help build the image of a corporation as socially responsible. Investment in literacy programs could provide important benefits as literate people tend to be more autonomous and able to take initiative, improve a company's human capital and in some cases, result in higher productivity and efficiency.

The benefits to business organization can be by way of boosting the image of organizations, gaining confidence of public and customers, being sought by other organizations to be a business partner which all contribute to the long term sustainability of the organization. Overall, business organizations can find satisfaction in being a contributory factor in the improvement in education in the country, improving quality of education, human capital formation and in economic development. The overall contribution would be for social justice and redistribution to those who do not have or cannot afford.

Implications for Further Research

The research findings have brought forward some critical issues which can be an area of interest for research on CSR in the future. This research did not focus on knowledge and

perception of the general public about CSR. Hence, the expectation of the general public from business with regard to CSR is an area which can be studied and findings could have bearing on how CSR is considered by businesses in future with the realization that the society in which they operate is aware what CSR is supposed to be.

Similarly, this research limited the role of government to partnership role with the business sector. It may be significant in studying if developing CSR guidelines for companies and making provisions for transparent and voluntary disclosures of its activities by the government can encourage good governance by business organizations. The requirement of commercial banks to publish quarterly financial reports and declaration by the CEOs about the company's governance style in Nepal has made banks more answerable to its stakeholders and brought improvement in their overall functioning. This approach can be applied to other sectors of business as well.

The other area of research could be studying how CSR activities in Nepal can be transformed if the activities are based on the needs identified by the beneficiaries themselves. Contrary to the current practice where the top management or owners decide what CSR activity to undertake, the success rate and the sustainability of the activity would be safeguarded if the participation of the intended beneficiaries in selection of CSR is allowed. I am basing this on the example of the success in increasing forest coverage in Nepal, to which the local community has contributed. The forestry program allowed the local community collective decision making rights to decide how to use the forest.

Lastly, the following area for future research could be about adoption of CSR. Should all organizations of Nepal adopt and practice CSR or not? Currently, this question is unanswered, but at what particular time an organization should adopt that

idea and why. CSR has spread across the world since the 20th century and the question that arises is, how long will it take for organization in Nepal to adopt this.

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APPENDICES

Appendix A**Letter of Information to the Research Participants**

Dear Research Participants,

I am Kapil Sharma Khanal studying Master of Philosophy (M.Phil) from Kathmandu University. In course of my dissertation I am doing research on Corporate Social Responsibility from the perspective of Nepalese Corporate Sector with Focus on Education. As a matter of fact, I am interested in collecting your perception on the perspective of Nepalese corporate sector on the corporate social responsibility and preference of educational sector as CSR initiative.

Your participation will be valuable and I expect will add insight to my research. Your participation will be very much appreciable and I am hopeful for your favorable consideration on this matter.

Kapil Sharma Khanal

Researcher

10 August 2011

Appendix B
Research Participants

CSR Officer	Participant A
Foreign advisor with Government	Participant B
Government Official	Participant C
CSR Expert	Participant D
Bank Director	Participant E
Bank CEO	Participant F
Managing Director of Group of Industries	Participant G
Owner of Departmental Store	Participant H
Managing Director of Company	Participant I
Chairman of Group of Industries	Participant J
School Principal	Participant K
Parent	Participant L
Student	Participant M

Appendix C

Guidelines for the Interview

Perception and Experience of research participants on Corporate Social Responsibility

Research Questions	Themes	Probable questions
Q.1. How do research participants perceive CSR?	Knowledge and Perception about CSR	<ol style="list-style-type: none"> 1. What do you understand by Corporate Social Responsibility? 2. What do you feel about the perception that business organizations do CSR for creating awareness about their products and to draw away attention from the shortcomings of the organization?
Q.2. How has CSR been practiced in Nepalese business organizations?	Current practices and activities done by select organizations in CSR	<ol style="list-style-type: none"> 1. What are the CSR activities that you or your organization has undertaken? 2. Does the organization adhere to a standard or guideline for doing CSR?
Q.3. How can CSR initiatives be directed towards supporting the educational sector?	Preference of educational sector as CSR initiative	<ol style="list-style-type: none"> 1. How can CSR activities of business organizations channelized towards education sector? 2. How can education sector be made the preferred CSR activities for business organizations? 3. What are the merits for doing CSR in educational field?
Q.4. How has CSR been institutionalized and what are the challenges and problems?	Institutionalization of CSR and its challenges and problems	<ol style="list-style-type: none"> 1. How can CSR be institutionalized? 2. Are there enough laws in the country to encourage business organizations to do CSR activities in Nepal? 3. What are the challenges and problems in doing CSR in Nepal? 4. What benefits will accrue to business organizations by doing CSR?