

# Survey on Corporate Social Responsibility in South Asia

# Survey on Corporate Social Responsibility in South Asia 15- February 2010

## **Survey conducted by**

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## **Chapter One – Introduction and methodology**

### **1.1. Introduction**

Porter and Kramer (2006) emphasize the importance of having a broad understanding of the interrelationship between a business firm and society. Successful business needs a healthy society and a healthy society needs successful business firms. If either a business firm or a society pursues policies that benefit its interest at the cost of other, it will undermine the long term prosperity of both (Porter and Kramer 2006). The relationship between business and society should not treat business success and social welfare as a zero sum game (Porter and Kramer 2006). A business firm must integrate a social perspective into the core framework it already uses to understand competition and guide its business strategy to implement these broad principles (Porter and Kramer 2006). Carroll (1979) also stresses the importance of establishment of a cultural orientation to guide decision making and problem solving to successful implementation of CSR.

The concept of Corporate Social Responsibility (CSR) has been defined by different authors in different ways. In 1950s Bowen (1953), father of CSR, set forth an initial definition of the social responsibility of businessmen. He refers to CSR 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. Then, Davis (1960) views CSR as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”. Further, Frederick (1960) considers social responsibilities as the way how the businessman should oversee the operations of an economic system that fulfills the expectations of the public. This means that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare.

In modern era, Carroll (1991) introduces a different perception for CSR in the title of “Corporate citizenship”. He states that for CSR to be accepted by the conscientious business person, it should be framed in such a way that the entire range of business responsibilities is embraced. It is

suggested here that four kinds of social responsibilities constitute total CSR: economic, legal, ethical and philanthropic. Furthermore, these four categories or components of CSR might be depicted as a pyramid. Summary of Carroll's (1991) view is that CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen.

The 3C-SR model (Meehan et al, 2006) views social resources are made up of three inter-related components whose simultaneous presence underwrites the credibility of a product/service offer targeted at the "ethical consumer". The Components are **ethical and social commitments**; **connections with partners in the value network**; and **consistency of behavior over time to build trust**. These latter two elements refer to the space and time dimensions of the model and are very closely inter-related. In practice, it is impossible to separate the three elements of the 3C-SR model and claim to be a "good corporate citizen" (Meehan et al, 2006).

#### **Ethical and social commitment**

Ethical and social commitments represent the values element of social resources. They comprise the ethical standards and social objectives the organization subscribes to and are manifested in its mission, strategic objectives, strategy programmes, organizational policies and corporate culture. These commitments should be broadly based to encompass the legal, economic and ethical dimensions of Schwarz and Carroll (2003) as well as the rights associated with citizenship suggested by Matten and Crane (2005).

#### **Connections with partners in the value network**

Normann and Ramirez (1993, p. 69) argue, "*Value occurs not in sequential chains but in complex constellations.*" In the same context, Meehan et al (2006) state that the structure of relationships within the value network is the means through which a joint implementation of a socially oriented value network is achieved. They refer to these structural elements of social resources as value connections. This implies a stakeholder approach to ensure mutuality of interests and uniform commitment to shared values across the value network. Thus, upstream and downstream partnerships are required rather than a narrow operational focus on an organization's own short-term efficiency and profits. According to these conceptualizations, credibility, cooperation, and commitment are the important observable behaviours that reflect the connections with partners in the value network.

## **Consistency of Behaviour**

John Meehan et al. (2006) explain the consistency as the behavioural element of social resources over time and across all facets of an organization's operation. Adherence to stated values and careful selection (and development) of business partners, who have matched social commitments, is the litmus test of an organization's own credibility. Being agreed with the above conceptualization, building and maintaining long term relationships with members in the value network, and fairness can be considered as some indicators of consistency behavior. The most accepted 3C perspective of CSR covers commitment, connection and consistency as the dimensions (second order factors) of CSR.

The above literature suggests that a business firm should have a broader understanding of the interrelationship between the company and society to advance CSR and should not consider CSR as a tension between company and the society.

Thus, the major purpose of this study is to examine whether the business firms in Sri Lanka have been responsive to stake holders and the extent to which the firms have integrated CSR activities into their business policies, strategy and operation.

In line with the above broader purpose following objectives are formulated:

- To assess the degree to which the firms in Sri Lanka have been acting as a good corporate citizen;
- To assess the degree to which the firms in Sri Lanka act to mitigate existing or anticipated adverse effect from business activities;
- To examine whether firms in Sri Lanka have been pioneering in innovation to benefit both the society and the company; and
- To investigate whether the companies have advanced SR by investing social aspects of context that improves shared values

## **1.2. Methodology**

The purpose of this study is to assess the degree of CSR practices in Sri Lankan Firms. This study is "Descriptive" in nature as it attempts to examine and describe the level of CSR practices adopted by the firms in Sri Lankan context towards both the internal and external stakeholders

and the community as a whole. The firms included in the sample are from sectors such as Agriculture, Apparel, Mining and processing Power, Banking and Finance, and Trading. The study was conducted in non - contrived setting (natural environment where events normally occur) and a single cross sectional design was employed to collect data through a questionnaire. The questionnaire was administered by a group of trained enumerators. The data were collected from 24<sup>th</sup> February to 20<sup>th</sup> March in 2010. The unit of analysis was the firm in Sri Lanka. A sample of 50 firms was selected, some of which are from the registry of the Colombo Stock Exchange- 2007. Proxies were the top level, middle level or operational level managers of the selected firms who are perceived to be responsible for handling CSR activities in the respective organizations.

### **Operationalization**

#### **Corporate Social Responsibility**

Even though the CSR is a popular concept and the importance of CSR has been emphasized by distinguish scholars (e.g. Porter and Kramer, 2006; Waddock, 2004; Mackey et al 2007) there have been little contribution of the existing literature in developing measurement scales of CSR. Measurement development cannot be divorced from the broader theoretical network (Venkatraman 1989) since the role of scientific inquiry is to establish the relationship among the constructs of the theory, some of which must be related to observable data. In other words, without operationalizing the CSR-related constructs, one cannot further advance scientific knowledge of the phenomenon, nor promote the successful application of CSR in practice (Churchill 1999). Given the complexity and abstractive nature of the CSR concept, it was conceptualized as a multidimensional construct. The domain of the construct was specified and captured through the literature, and the different dimensions of the construct were developed based on the theoretical perspective that guided the construct definition (Venkatraman 1989). A questionnaire was developed to capture the specified domain of the CSR concept

#### **Questionnaire**

The questionnaire includes ten sections. The first section collects data on the basic data regarding the company such as establishment of the company, type of the company, sector, listing on the stock exchanges, operating in global markets, turnover, employees, and recognized union. The second part captures the emerging attitude on corporate responsibility. It covers information

corporate responsibility unfolding in the country in the next 5 years (till 2015), corporate responsibility practices of various organizations, role of government in furthering the corporate responsibility agenda in the country, role of other actors in furthering the corporate responsibility agenda in the country, most important corporate responsibility issues priorities in the country, key drivers and material issues for Corporate Responsibility within the country, key barriers for Corporate responsibility within the country, how these can be overcome. The third part gathers data on corporate responsibility processes within the company. It covers policies or policy elements to drive the corporate responsibility agenda on labour / employees, social impact, governance, environment, supply chain, and internal processes within the company for dealing with corporate responsibility processes; and separate processes for SOEs / MNCs. The fourth section collects data on the stakeholder management, the fifth section on partnership for sustainable development, the sixth section on corporate responsibility reporting and disclosure, the seventh section on supply chain management, the eighth section on corporate responsibility training and recruitment, and the ninth section on the sectoral research. The final section of the questionnaire was dedicated to take the feedback from the respondents on the

### **Data Analysis**

The study does not formulate or test any hypothesis in terms of the association or differences among the variables. However, it uses frequency tables, percentages and Mean values, whatever is appropriate, to analyze the data. Furthermore, the study employs the Chi-Square test and Kolmogorov – Smirnov one sample test for examining the statistical significance of the differences among the responses/ observations as the need arises.

## **Chapter Two- Findings and Discussion**

The findings and discussion part consists of eleven sub- sections. The first sub-section presents the basic data describing the business scenario of the country. The second sub-section is dedicated to present the sample profile, the third sub- part addresses the attitudes of the firms towards the corporate responsibility, the forth sub-section elaborates on the managing corporate responsibility processes, the fifth sub- part on the corporate responsibility reporting and discloser, the sixth sub-part on the stake holder management, the seventh sub- section on community development, the eight sub - section on the supply chain management, the ninth sub-section on corporate responsibility training and recruitment, the tenth sub -section on the sector specific data and the final section on respondents feedback.

### **2.1 Business Scenario of the Country**

#### **Business Scenario of the Country**

Sri Lanka began to shift away from a socialist orientation in 1977. Since then, the government has been deregulating, privatizing, and opening the economy to international competition. Thirty years of civil war has no doubt slowed economic growth, diversification and liberalization, and the terrorist group uprisings, especially the second in the late 1980s, also caused extensive upheavals.

The economic fundamentals of the country, including external sector variables, had been improving steadily until the end of the third quarter of 2008. Most of the external sector indicators; exports, worker remittances, balance of payments, short-term investments and external reserves performed well above the original projections. Exports were growing at around 10 per cent until September 2008, despite many challenges such as the economic slowdown of major trading partners, the rising oil prices and costs of production, the relatively stable exchange rate, the higher interest rates and the uncertainty about renewal of concessions under the GSP+ scheme. The import expenditure grew sharply on account of the unprecedentedly higher petroleum and commodity prices in the international markets (Annual Report: 2008, Central Bank of Sri Lanka).

## **Export Performance**

The principle economic activities of Sri Lanka in the beginning of the twentieth century were centered around the plantations producing three main products for export –tea, rubber and coconut. The most notable feature in this era was the rubber boom (1910-12). During this period, rubber prices reached levels which were never attained again thereafter. However, the rubber industry collapsed as a result of the First World War and the economic dislocation in Europe in the 1920s culminating eventually in the Great Depression of the 1930s. The collapse of the rubber industry led to severe unemployment in that sector of plantation enterprise; the tea industry fared better and was able to absorb some of those thrown out of work in the rubber plantations. Tea continued to be the leading earner of the foreign exchange and prices remained relatively stable, with slight increases being recorded between 1949 and 1951. Coconut, in particular copra, fared better in respect of price increase. The increase in prices for the country's primary products during the Korean War acted as a stimulus for increased output in the export sector. However, the change of government in 1970 resulted in a dramatic change in the economic policies. As a result imports were controlled and exports were diversified. The trends were already evident of a transition from a colonial export economy to a development oriented one. Exports were further diversified after 1977 when, newly appointed government introduced the open economic policies.

The recent growth in Sri Lanka's exports to the European Union was supported by the utilization of concessions granted under the Generalized System of Preferences (GSP+) scheme, which provides duty free market access to Sri Lankan exporters. The impact of the scheme is reflected in the expansion of the country's market share, particularly in the UK, Italy and Belgium-Luxembourg as well as the product diversification in exports to the EU (Annual Report: 2008, Central Bank of Sri Lanka).

## **Industrial Exports**

### **Apparel**

The export sector is dominated by the industrial exports (75.7%) and it is a tremendous growth compared to 1977 (14%). Exports of industrial products recorded a modest growth due to the sluggish demand for apparel in the USA. USA is the largest single market for Sri Lanka's apparel exports. The declining growth of the US market in recent years was offset to a certain

extent by the sharp expansion in exports to the EU, the largest market for Sri Lanka's exports of apparel. The growth in exports to the EU was supported by the GSP+ scheme, which provides duty free market access to Sri Lankan exporters. Amongst the members of the EU, the United Kingdom was the largest market for Sri Lanka, followed by Italy and Germany (Annual Report: 2008, Central Bank of Sri Lanka).

### **Other Industrial Exports**

Other categories of industrial exports such as petroleum products, rubber products and processed diamonds also contribute to the Sri Lankan economy.

### **Rubber Products**

Despite the progress made in the beginning of the year, the country's exports of solid tyres and other products made from natural rubber were affected towards the latter part of the year by the cutbacks in production by large manufacturers, particularly the major automakers of the US and Japan (Annual Report : 2008, Central Bank of Sri Lanka).

### **Processed Diamonds**

Although diamonds are not available in Sri Lanka, the country has established itself as a leading diamond processing centre with US dollars 418.7 million in export earnings, with about 6-8 per cent value addition. Sri Lanka has acquired a reputation for the high quality of diamond cutting in Antwerp where the most prestigious of diamond retailers reside (Annual Report: 2008, Central Bank of Sri Lanka).

### **Agricultural Exports**

Agricultural exports have declined to 22.8% in 2008 compared to 79% in 1977 and the tea dominates the agricultural exports by 15.6% at present. The Middle Eastern nations and the CIS countries constitute the largest market for Sri Lanka's tea exports. Minor agricultural products (fruits, vegetables and certain spices, such as cloves) are increasingly becoming an important source of export earnings for the country. Cinnamon and betel leaves, on the other hand, have a

higher demand from the international markets (Annual Report: 2008, Central Bank of Sri Lanka).

### **Import**

The soaring commodity prices had an unfavourable impact on import expenditure, thus import expenditure exceeds the revenue from exports. The largest contribution came from intermediate goods (59.5%), primarily due to the higher expenditures incurred on petroleum imports (24%) and textile, other intermediate goods, fertilizers and chemicals subsequently. India continued to be the largest source of imports and, therefore, Asian countries dominated Sri Lanka's imports (Annual Report : 2008, Central Bank of Sri Lanka).

### **Investment Goods**

The second largest contribution to imports is from investment goods (21.3%) such as machinery and equipment, transportation equipment, building materials and other investment goods. Consumer goods such as food and beverage, wheat, sugar, rice and other consumer goods is the third largest sector of import composition which bears a portion of 18.2% out of total imports. There is a decline in imports of consumer goods compared to 42% in 1977 (Annual Report: 2008, Central Bank of Sri Lanka).

### **Number of Companies in the Country**

The companies in Sri Lanka are mainly divided into several categories. They are industrial products and services, health care products and services, internet related businesses such as domain registers and website developers, computer and software, agriculture related, apparel and garments, automobiles related, media and entertainment, professional services, real estate and construction, retail and consumer services, sports related products and services, telecommunication, tourism, travel and transport, education & institutions, electronic products, energy related businesses, financial services, food & beverages and government & trade. As per the Hand Book of Listed Companies (2007) published by Colombo Stock Exchange (CSE) in Sri Lanka, 448 listed companies operate in various industries in the country. The CSE divides the companies in Sri Lanka into various categories. They are Trading (11 companies), Telecommunication (3 companies), Stores and Supplies (6 companies), Services (6 companies),

Power and Energy (4 companies), Plantations (18 companies), Oil palms (5 companies), Motors (7 companies), Manufacturing (31 companies), Land and Property (22 companies), Investment Trust (5 companies), Information Technology (1 companies), Hotels and Travel (33 companies), Health Care (6 companies), Footwear and Textiles (4 companies), Diversified Holdings (11 companies), Construction and Engineering (3 companies), Chemicals and Pharmaceuticals (9 companies), Bank, Finance and Insurance Services (33 companies), and Beverages, Food & Tobacco (18 companies).

### **Tax Environment**

The revenue for government is generated from tax revenue and non tax revenue. Value Added Tax, Income Tax, Economic Service Charge, Debits Tax, Stamp Duty, Share Transaction Levy, and Betting & Gaming Levy are the sources of tax revenue.

### **Value Added Tax -VAT**

Value added tax is a tax on domestic consumption of goods and services and it is the largest tax revenue source in the country (58.91 percent in 2008). It's a multi stage tax levied on the incremental value at every stage in the production and distribution chain of goods and services.

### **Income Tax**

Inland revenue amendment act no. 19 of 2009 provides the legal authority to charge, levy and collect income tax on the profits and income of every person, which arose or arising to such person for every year of assessment commencing on or after 1<sup>st</sup> April 2006. Income tax is charged on Resident Companies, Non – Resident Companies, State Corporations, State Bodies, Individuals, Partnerships, Employees, and Employers. It is the second largest tax revenue source (32.52 percent in 2008).

### **Environmental Climate**

Central Environmental Authority (CEA) is the legal body of the country which has the authority to impose regulations on protection of environment. The acts enacted by CEA recently are National Environmental Act No. 47 of 1980, National Environmental (Amendment) Act, No. 56 of 1988 and National Environmental (Amendment) Act, No. 53 of 2000. Under these national

environmental acts, regulations imposed for sections such as natural resource management, waste management, environmental protection and air quality and noise.

### **Natural Resources Management**

- Regulation for prohibition of use of equipment for exploration, mining and extraction of sand & gem.
- Regulation for prohibition of use of cultivation of annual crops in high gradient area. Gazette Notification Number 1456/35 dated 4th August 2006.
- Order under Section 24 (C) and 24 (D) to declare ‘Muthurajawela’ Buffer Zone as an Environmental Protection Area. Gazette Notification Number 1466/26 dated 13th October 2006.
- Order under Sections 24 (C) and 24 (D) to declare ‘Thalangama’ Tank as an Environmental Protection Area. Gazette Notification Number 1487/10 dated 5th March 2007.
- Order under Sections 24(C) and 24(D) to declare Gregory Lake as an Environmental Protection Area. Gazette Notification Number 1487/10 dated 5th March 2007.
- Order under Sections 24(C) and 24(D) to declare ‘Maragala’ mountain range as an environmental protection area. Gazette notification number 1560/26 dated 1st August 2008.
- Order under Section 24(C) and 24(D) to declare ‘Knuckles’ environment protection area. No.1507/9 dated 23rd July 2007.

### **Waste Management**

- National Environmental (protection and quality) Regulation (EPL) -1990. Gazette notification number 595/16 dated 8th January 1990 (rescinded by Gazette notification number 1534/18 dated 01-02-2008).
- Regulation for prohibition of manufacture of polythene or any product of 20micron or below thickness. Gazette Notification Number 1466/5 dated 10th October 2006.

## **Environmental Protection**

- National Environmental (protection and quality) Regulation (EPL) -1990.
- Amendment to National Environmental (Protection & Quality) Regulations (EPL) - 1990.

## **Air Quality and Noise**

- Motor Traffic (emission control) Regulation Number 817/6 dated 3rd May 1994.
- Ozone Depleting substances and Natural Environmental (Ambient Air Quality) Regulations 1994. Gazette Notification Number 850/4 dated 20th December 1994.
- Amendment to National Environment (ambient air quality) Regulation 1994. Gazette Notification Number 1562/22 dated 15th August 2008.
- Amendment to Gazette Notification Number 1295/11 dated 30th June 2003. Gazette Notification Number 1557/14 dated 19th July 2008.
- Amended Regulations (Air Emission, Fuel and Vehicle Importation standards) Gazette Notification Number 1137/35 dated 23rd June 2000.
- National Environmental (Air Emissions, Fuel & Vehicle Importation standards) Amended Regulations. Gazette Notification Number 1295/11 dated 30th June 2003.
- National Environmental (Noise Control) Regulations 1996. Gazette Notification Number 924/12 dated 23rd May 1996.
- Regulation published under Section 23W. Gazette Notification Number 1309/20 dated 10th October 2003.

## **Labor Climate**

Sri Lanka has established a complex system of laws and institutions intended to protect the interests of workers and to guarantee a minimum standard of living to its population.

This system encompasses three bodies of law

1. Labor and employment laws; govern the individual employment contract
2. Industrial and collective relations laws; regulate the bargaining, adoption, and enforcement of collective agreements, the organization of trade unions, and the industrial action by workers and employers
3. Social security laws; social response to needs and conditions that have a Significant impact on the quality of life, such as old age, disability, death, unemployment, and maternity .

The Department of Labour of the Ministry of Labour and Vocational Training is responsible for the administration and enforcement of all labour laws. The Department has powers of conciliation in industrial disputes and can refer such disputes to compulsory arbitration where necessary.

The Sri Lankan industrial law consists of inter alia about forty labour statutes, regulations gazetted under the labour statutes, decisions made by the Labour Courts and the Appellate Courts, collective agreements

Further, the government of Sri Lanka needs to demonstrate that it is sincerely committed towards complying with core labour standards. Many inconsistencies in national laws and practices continue to exist and systematic non-enforcement of labor laws is widely prevalent. The findings of International Labor Organization (ILO) supervisory bodies over recent years provide a solid body of evidence pertaining to such lapses and violations. However, the Sri Lankan judiciary has now argued that there exist constitutional impediments to the application of certain provisions of ILO Conventions - a misunderstanding that must be resolved speedily by a clarification on the part of the government. Yet the government of Sri Lanka has failed to address adequately many recommendations of the ILO Committee on Freedom of Association (CFA) regarding several ILO cases. Ironically all these ILO CFA cases refer to the apparel sector, which exports one half of its products to the EU under the GSP Plus tariff facility.

## **2.2 Sample Profile**

### **Industry Classification**

Table 1 highlights the frequencies of the firms classified by their industry. The table reveals that 28 percent of the sample represent the firms from 'Banking & Finance' industry while 16 percent each from 'Apparel' and 'Tea' industry. Furthermore, the percentage of the 'other

category' in the sample is 15 percent. The other category includes firms from Garment, Mining & Processing, Agriculture, Chemical, Thread and garment accessory, Paints, cable, Pharmaceuticals, construction, Plantation, Rubber products, Tea brokers, and tile industries.

**Table 1- Sample Classified by Industry**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Power	03	06	06	06
	Auto and auto ancillary	02	04	04	10
	Banking and Financial	14	28	28	38
	Apparel	08	16	16	54
	Tea	08	16	16	70
	Other	15	30	30	100
	Total	50	100	100	

### **Type of Company**

Table 2 shows the frequencies of the respondents classified by the type of company. It reveals that 40 percent of the sample are public limited local companies, 38 percent are private limited local companies, 8 percent are the other type companies (family own businesses) and 6 percent are private limited foreign companies. Public limited foreign companies and public sector or government units represent 2 percent and 4 percent respectively.

**Table 2 - Sample Classified by Type of Company**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Private limited	19	38.0	38.0	38.0
	Private limited -foreign	3	6.0	6.0	44.0
	Public limited	20	40.0	40.0	84.0
	Public limited - foreign	1	2.0	2.0	86.0
	Public sector/ Government unit	2	4.0	4.0	90.0
	Wholly owned foreign subsidiary	1	2.0	2.0	92.0
	Other	4	8.0	8.0	100.0

**Table 2 - Sample Classified by Type of Company**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Private limited	19	38.0	38.0	38.0
	Private limited -foreign	3	6.0	6.0	44.0
	Public limited	20	40.0	40.0	84.0
	Public limited - foreign	1	2.0	2.0	86.0
	Public sector/ Government unit	2	4.0	4.0	90.0
	Wholly owned foreign subsidiary	1	2.0	2.0	92.0
	Other	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

**Stock Exchange Listed**

Table 3 records the data classified by the stock exchange within which the company is listed.

**Table 3- Sample Classified by Listed Stock Exchange**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CSE	19	38.0	51.4	51.4
	Not listed	18	36.0	48.6	100.0
	Total	37	74.0	100.0	
	Not responded	13	26.0		
Total		50	100.0		

Data in the table disclose that 38 percent are listed in the Colombo Stock Exchange while 36 percent are not listed in any stock exchange inside Sri Lanka. The rest of the sample (26 percent) has not disclosed this information.

**Disclosure of Turnover**

Table 4 records the responses of the firms classified by the disclosure of turnover. The table shows that 37.8 percent of the firms have disclosed their turnover while 62.2 percent have not disclosed their turnover.

**Table 4 - Sample Classified by Disclosure of Turnover**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disclosed	17	37.8	37.8	37.8
	Not disclosed	33	62.2	62.2	100.0
	Total	50	100.0	100.0	

**Disclosure of Net Profit**

Table 5 records the statistics of the responded firms classified by disclosure of net profit. The table shows that 40 percent of the firms have disclosed their turnover while 60 percent have not disclosed their net profit.

**Table 5 - Sample Classified by disclosure of net profit**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disclosed	20	40.0	40.0	40.0
	Undisclosed	30	60.0	60.0	100.0
	Total	50	100.0	100.0	

**2.3 Attitude towards Corporate Responsibility****Attitude towards Level of Corporate Responsibility Practices of Other Firms**

Table 6 sheds the light on the mean values of the ratings of the subjects on their perception on the current level of corporate responsibly practice across the organizations mentioned in the table itself. The subjects rated the organizations on 4 point scale where “1 = Negligible”, “2 = Low”, “3 = Medium”, and “4 = High.” According o the data in the table, the subjects have assigned the highest mean value (3.1136, N= 44) to “Large Corporate,” the second highest (3.0227, N = 44) to “Multinational Companies,” and the lowest value (1.9524, N = 42) to “Family Owned.” The mean values in the table reflect that the subjects perceive the current level of corporate responsible practices across the “Large Corporate” and “Multinational Companies,” are

moderate, across the “Public” and “Small & Medium Company” are low, and across the “Family Owned” are negligible.

**Table 6 - Perceived Level of Corporate Responsibility Practices of other Firms**

	N	Minimum	Maximum	Mean	Std. Deviation
Public	45	1.00	4.00	2.3556	1.04785
Large Corporate	44	2.00	4.00	3.1136	.57933
Multi National Companies	44	1.00	4.00	3.0227	.82091
Small & Medium Company	43	1.00	4.00	2.3023	.67383
Family Owned	42	1.00	4.00	1.9524	.96151

### **Perceived Degree of Corporate Responsibility Practices of Sampled Companies**

Table 7 sheds the light on the frequencies of the subjects who rated on their perception on the current level of corporate responsibly practice in their organizations themselves. The subjects rated the organizations on 4 point scale where “1 = Negligible”, “2 = Low”, “3 = Medium”, and “4 = High.” The data in the table reveals that the 30 percent of firms have rated “High”, 46 percent rated “Medium,” 16 percent “Low,” and “2” percent “Negligible” on the current level of corporate responsibly practice in their organizations.

**Table 7- Perception on Level of Corporate Responsibility Practices in Own Company**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Negligible	1	02.0	02.1	02.1
	Low	8	16.0	17.0	19.1
	Medium	23	46.0	48.9	68.1
	High	15	30.0	31.9	100.0
	Total	47	94.0	100.0	
Missing	System	3	06.0		
Total		50	100.0		

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the ratings on the perception on the current level of corporate responsibly practice in their organizations are statistically significant. The test results shows that the differences among the

rating are statistically significant (Kolmogorov-Smirnov  $Z = 1.733$ ,  $\alpha = 0.005$ ). Therefore, these data reflect a good sign of that the CSR activities of the 70 percent of the sample are, at least, at moderate level as per the perception of subjects.

Table 8 highlights the ratings of the subjects on their perception on the current level of corporate responsibly practices of their companies classified by the sector. According to the data, the current level of corporate responsibly practices are ‘high’ in 9 companies in the ‘Banking and Financial sector,’ in 5 companies in ‘Other sector, (Tea, Garment, mining, chemical, thread and garment accessory, cable, construction and tile industries), and in 1 company in ‘Power sector.’ It also discloses that the current level of corporate responsibly practices are ‘Medium’ in 18 companies in other sector, 4 companies in the ‘Banking and Financial sector,’ and in 1 company in ‘Power sector.’ However, ‘Auto and Auto Ancillary’ companies perceive their current level of corporate responsibly practices are low or negligible.

**Table 8- Level of Corporate Responsibility Practices in Own Company by Sector**

	Power	Auto and Ancillary	Auto Banking Financial	and Other	
Negligible	0	1	0	0	1
Low	1	1	0	6	8
Medium	1	0	4	18	23
High	1	0	9	5	15
Total	3	2	13	29	47

**Perception on Government Role in Furthering CR Agenda**

Table 9 reports the frequencies of the perceived ratings of the subjects on, aside from mandating and regulating, how the government takes up its role (Facilitating, Endorsing, Partnering and Demonstrating) in furthering the CR agenda in Sri Lanka. The subjects rated the item on 4 point scale where “1 = Very Well”, “2 = Moderately”, “3 = Inadequate”, and “4 = Don’t Know/ Can’t say.”

The data in the table shows that the highest percent of the sample (44%) rated “Inadequate” on ‘Facilitating’ and ‘Endorsing’ role. However, 40 percent of the sample rated “Inadequate” on ‘Partnering’ while 38 percent rated “Inadequate” on ‘Demonstrating’ aspect. Noticeable feature

is that, except for ‘Partnering’, on all other aspect, more than 50 percent of the respondents have rated “Inadequate” and “Don’t know/ Can’t say” category.

**Table 9 - Frequencies of the Subjects Ratings on how the Government Takes up its Role**

Scale	Facilitating		Endorsing		Partnering		Demonstrating	
	frequency	percent	frequency	percent	frequency	percent	frequency	percent
<b>Very well</b>	4	8.0	6	12.0	2	4.0	3	6.0
<b>moderately</b>	18	36.0	16	32.0	23	46.0	17	34.0
<b>Inadequate</b>	22	44.0	22	44.0	20	40.0	19	38.0
<b>Don’t know/ can’t say</b>	4	8.0	6	12.0	5	10.0	10	20.0
<b>total</b>	48	96.0	50	100.0	50	100.0	49	98.0
<b>Missing values</b>	2	4.0					1	2.0

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceived ratings of the subjects on how the government takes up its role in furthering the CR agenda in Sri Lanka are statistically significant. The test results shows that the differences among the rating are statistically significant ((Facilitating: Kolmogorov-Smirnov  $Z = 1.84$ ,  $\alpha = 0.002$ ; Endorsing: Kolmogorov-Smirnov  $Z = 1.806$ ,  $\alpha = 0.003$ ; Partnering: Kolmogorov-Smirnov  $Z = 1.963$ ,  $\alpha = 0.001$ ; and Demonstrating: Kolmogorov-Smirnov  $Z = 1.49$ ,  $\alpha = 0.024$ ).

### **Suggestions to Improve Government Performance in its Roles**

Exhibit 1 summarizes the commonly cited suggestions of the respondents regarding what the government could do to improve its performance in Facilitating, Endorsing, and Partnering and Demonstrating roles.

## Exhibit 1- Suggestions to Improve Government Performance in its Roles

Comments
Impose MNCs by adding rule, regulations
Facilitate with financial benefits, infrastructure
Better partnership with the private sector
Improve knowledge and awareness among government servants about CSR
Introduce new system to identify requirements
Improve corporate accountability studies
Allocation of enough funds
Having a clear vision, action plan. Impose rules, regulations
Take action on what they say
Policy making
Appoint right thing to the right person
Invite private sector, develop a national agenda, active participation
Eliminate internal barriers and red tapes.
Monitoring and feedback for the government
Making formalities and procedures simple.
Identify and introduce CSR needs to companies and people through local govt. level, institutional level
Educating corporate sector, establishing code of conduct and good governance practices.
Having a private and government partnership
Provision of tax reliefs
Equal opportunities, develop communication, priority to native language communication.
Govt. leaders should set examples for others to follow
Improve infrastructure and coordination among local authorities
Language of comm. should be identified
Develop infrastructure
Raise public awareness, tough regulations, and guidance through government agencies.
Take note on industry suggestions
Establishing a separate institution to deal with private initiatives
Partnership with industry associations
Include CR in political agenda, proper methods to appreciate & recognize CSR companies
Government must provide tax concessions
Encourage through tax incentives, easy access to communities, employee's welfare.
More funds
Active participation

### Adequacy of Actions of other Actors in Promoting an Enabling Environment for CR

Table 10 sheds the light on the frequencies of the respondents who gave their perceived ratings on how adequately other actors (Management Education/ Business Schools, Consulting Organizations, Industry/ Association, NGOs/ Civil Society Organizations, Multilateral Organization, Trade Unions , and Media) in the CR field in Sri Lanka are taking up their roles in

promoting an enabling environment for corporate responsibility. The respondents rated the item on 4 - point scale where “1 = Very Well”, “2 = Moderately”, “3 = Inadequate”, and “4 = Don’t Know/ Can’t say.” The data reflect that more than 75 percent of the respondents perceive that Multilateral Organizations and NGOs/ Civil Society Organizations in Sri Lanka are performing, at least, ‘moderately’ their roles in promoting an enabling environment for corporate responsibility. They also show that more than 60 of the respondents rated, at least, moderately on the roles the Industry/ Association and media play in promoting an enabling environment for corporate responsibility. Moreover, around 60 percent of the subjects rated that the roles performed by the Management Education/ Business Schools and Consulting organizations in promoting an enabling environment for corporate responsibility are, at least, moderate.

**Table 10 - Perception on Level of Corporate Responsibility Practices by Other Actors**

	N	Very well	Moderately	Inadequate	Don't know/cant say
Management Education/ Business Schools	49	3 (6.1)	26 (53.1)	16 (32.7)	4 (8.3)
Consulting Organizations	48	6 (12.5)	18 (37.5)	14 (29.2)	10 (20.8)
Industry/ Association	46	3 (6.5)	28 (60.9)	11 (23.9)	4 (8.7)
NGOs/ Civil Society Organizations	47	18 (38.3)	18 (38.3)	9 (19.1)	2 (4.3)
Multilateral Organization	48	12 (35)	21 (43.8)	8 (16.7)	7 (14.6)
Trade Unions	48	00	10 (20.8)	27 (56.2)	11 (22.9)
Media	47	3 (6.4)	26 (55.3)	16 (34)	2 (4.3)

**Note: Percentages are in parentheses**

However, 56.2 percent of the subjects consider the roles performed by the Trade Union in promoting an enabling environment for corporate responsibility are Inadequate and only 10 percent consider them moderate.

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceived ratings of the subjects on how adequately other actors in the CR field in Sri Lanka are taking up their roles in promoting an enabling environment for corporate responsibility are statistically significant. The test results shows that the differences among the rating are statistically significant (Management Education/ Business Schools: Kolmogorov-Smirnov  $Z = 2.182$ ,  $\alpha = 0.000$ ; Consulting Organizations: Kolmogorov-Smirnov  $Z = 1.546$ ,  $\alpha = 0.014$ ); , Industry/ Association: Kolmogorov-Smirnov  $Z = 2.411$ ,  $\alpha = 0.000$ ; NGOs/ Civil Society Organizations: Kolmogorov-Smirnov  $Z = 1.591$ ,  $\alpha = 0.013$ ); Multilateral Organization:

Kolmogorov-Smirnov  $Z = 1.877$ ,  $\alpha = 0.002$ ; Trade Unions: Kolmogorov-Smirnov  $Z = 1.963$ ,  $\alpha = 0.001$ ; and Media: Kolmogorov-Smirnov  $Z = 2.204$ ,  $\alpha = 0.000$ ).

The above analysis clearly indicates that though the respondents have a positive evaluation on the roles played by Management Education/ Business Schools, Consulting Organizations, Industry/ Association, NGOs/ Civil society organizations, Multilateral Organization, and Media in promoting an enabling environment for corporate responsibility, they have a negative evaluation on the Trade Union.

### **Suggestions to Improve Other Actors Involvement**

Exhibit 2 summarizes the commonly cited suggestions of the respondents regarding how the other actors could do to improve their involvement in promoting an enabling environment for corporate responsibility.

### **Exhibit 2 - Suggestions to Improve Third Party Involvement in Promoting Corporate Responsibility**

<b>Suggestions</b>
Government involvement
Better awareness on CSR and guidelines to proceed
Timely responses to identified needs
Educate stake holders on CSR
Rules and regulations, recording system to identify CSR companies
Tax exemptions, segregate areas for NGOs,
More recognition and positive media support for those who are engaged
Make the public aware of this subject
provision of a percentage of income for CSR as a low
Educate workers to be self initiative and reduce adverse effects of wrong practices.
Collaboration with industry associations to educate school students. Give and take policy.
Training programs
Improve education on CSR, standardization of facilities
Corporate sector should provide training opportunities at their places for university students.
Have meaningful objectives in their CSR programs
Make it mandatory through legislation
Provide incentives
improve awareness, give recognition to those, include CSR in the education system
Improve communication
Establish an institution representing both the public and private sector to administrate
Govt. must develop a corporate social agenda
improve awareness, explain advantages and disadvantages
improve awareness and motivate them to practice
improve awareness and get them directly involved

### **Key Drivers to Adopt CR**

Data in Table 11 highlight the top three drivers, which respondents consider, for integrating corporate responsibility in their organizations.

**Table 11- Top Three Drivers for Integrating Corporate Responsibility**

Key Drivers	Rank 1	Rank 2	Rank 3
Managing brand reputation	28.0	24.0	8.0
Enhancing competitiveness/ Market positioning	16.0	14.0	14.0
Attracting and retaining employees	12.0	16.0	18.0
Realization of company values	10.0	18.0	14.0

Ratings of the respondents are not mutually exclusive as some of the respondents have assigned the same ranking with more than one alternative driver. Data in the table shows that the most of the respondents rank 1 or 2 on “Managing brand reputation” as the key driver for them to integrate corporate responsibility in their organizations. The second highest number of respondents identifies “Enhancing competitiveness/ Market positioning” as the key driver for them to integrate corporate responsibility in their organizations. “Attracting and retaining employees” and “Realization of company values” are the next highest drivers the respondents consider. This information reflects that the most of the drivers are related to the business performance.

### **Key Internal Barriers to Adopt Corporate Responsibility Practices in the Country**

The key internal barriers (in country and company) for companies to adopt corporate responsibility practices as per the respondents’ opinion are reported in Table 12.

**Table 12- Key Internal Barriers to Adopt Corporate Responsibility Practices in the Country**

Internal barriers	In country		In company	
	Internal barrier	Not an internal barrier	Internal barrier	Not an internal barrier
<b>Knowledge</b>				
Huge variation of how CR is integrated within and outside the company	17	24	18	26
Lack of professional training on CR	<b>34</b>	7	<b>24</b>	20
Lack of trained staff	15	26	16	28
Lack of access to knowledge	12	29	5	39
<b>Management Support</b>				
Not part of corporate values / vision	14	27	10	34
Not on the agenda of the board	18	23	10	34
Lack of financial resources	21	<b>40</b>	20	<b>24</b>
Short sightedness of management	15	26	6	38
<b>Governance</b>				
Unable to establish links between current CR initiatives and tangible benefits	<b>24</b>	17	12	32

It shows that “Lack of professional training on CR” is considered one of the major country barriers as well as one of the company barriers. In the same vein, “Unable to establish links between current CR initiatives and tangible benefits” is one of the major country barriers, while “Lack of Financial resources is another major company barrier.

## **2.4 Managing Corporate Responsibility Processes**

Table 13 reveals the data on whether the sampled companies have policies or policy elements covering the “labour/employees, social impact, governance, environment, and supply chain issues.

The data expose that at least 50 percent of the companies have policies or policy elements covering the labour/employee related issue except for ‘Disease’ e.g. HIV/AIDS. The percentage of the sample having policies or policy elements covering ‘Disease’ is as small as 18 percent. On the contrary, the percentage of the sample covering policy elements on the ‘health and safety’ issues is as high as 82 percent. Except for these two extreme cases, policy elements covering other aspects of labour/employee such as ‘Child labor’, ‘Bonded Labor’, Freedom of

Associations, ‘Diversity,’ ‘Equal opportunity,’ ‘Sexual Harassment,’ ‘Compensation for overtime’ and ‘Disability,’ are adopted by more or less 50 percent of the sample.

The policy elements covering the ‘Social Impact’ claim mixed results. However, more than fifty percent of the samples claim that they have policies covering ‘Human Rights,’ ‘Health,’ ‘Education,’ and ‘Sanitation’ while the percentage of the respondents who claim that they have policies or policy elements covering such issues related to Social Impact’ as ‘Income Generation / Micro Finance,’ ‘Disability,’ and ‘Resettlement & Rehabilitation,’ is below 48 percent.

The data also disclose that more than 50 percent of the sample claim that they adopt the policy elements covering the issues related to ‘Governance’ (‘Corporate Governance,’ ‘Transparency,’ ‘Bribery and Corruption,’ and ‘Business Ethics’). This indicates a favourable sign.

**Table 13- Percentage Values for Policies and Policy Elements in the CR process**

Issues	Percentage values of Status policies or policy elements			Total percent	percent Missing value
	Yes	operating policies	No		
Labor Employees /					
Health and Safety	82.0	50.0	2.0	84	16
Disease eg: HIV/AIDS	18.0	10.0	62.0	80	20
Child labor	56	28.0	24	80	20
Bonded Labor	50	24.0	30	80	20
Freedom of Associations	54	24.0	26	80	20
Diversity	50	20.0	30	80	20
Equal opportunity	62	28.0	18	80	20
Sexual Harassment	54	28.0	24	78	22
Compensation for overtime	68	32.0	12	80	20
Disability	52	26.0	24	76	24
<b>Social Impact</b>					
Human Rights	52	20.0	26	78	22
Health	64	24.0	14	78	22
Education	62	24.0	16	78	22
Sanitation	60	22.0	16	76	24
Income	32	14.0	42	74	26

Generation / Micro Finance					
Disability	48	12.0	28	76	24
Resettlement & Rehabilitation	30	10.0	44	74	26
<b>Governance</b>					
Corporate Governance	60	20.0	18	78	22
Transparency	58	16.0	20	78	22
Bribery and Corruption	52	16.0	26	78	22
Business Ethics	68	28.0	10	78	22
<b>Environment</b>					
Environmental Management System	58	24.0	18	76	24
Recycling	40	14.0	34	74	26
Climate Change strategy	24	6.0	50	74	26
Renewable Energy/Energy efficiency	34	16.0	40	74	26
Emissions	38	12.0	36	74	26
Managing E-Waste	36	18.0	38	74	26
Biodiversity	30	10.0	44	74	26
<b>Supply Chain</b>					
Supplier Code	36	14.0	34	70	30
Product responsibility	44	20.0	26	70	30
Greening of supply chain	26	8.0	44	70	30

However, when the issues related ‘Environment’ is concerned; the data clearly show that 58 percent of the sampled companies have policy elements covering the only one aspect of Environment issues- ‘Environmental Management System.’ Conversely, the adoption of policy elements covering the other issues related to ‘Environment’ – ‘Recycling,’ ‘Climate Change strategy,’ ‘Renewable Energy/Energy efficiency,’ ‘Emissions,’ ‘Managing E-Waste,’ and ‘Biodiversity,’ - is claimed by 40 or less than 40 percent of the sample. It clearly reflects that the policy elements covering the issues related to ‘Environment’ has been paid a little attention. Similarly, the adoption of policy elements covering the issues related to ‘Supply Chain’ – ‘Supplier Code,’ ‘Product responsibility,’ and ‘Greening of supply chain,’- is also claimed by less than 45 percent of the sample. It clearly indicates that the respondents still analyze their organization by taking their hierarchical organization as a unit of analysis and they fail to view

and work towards dissemination of social values within a wider value network. Value occurs not in chains but in complex constellations. The value results from value creating system within which different economic actors (suppliers, business partners allies, customers) work together to co-produce value.

Addressing the most of the issues relating to ‘Labour/employees’ and some of the issues relating to ‘Social Impact’ (e.g. Human Rights,’ ‘Health,’ ‘Education’, and ‘Sanitation’) can be considered as the legal responsibilities. Legal Responsibilities imply that business must fulfill their economic mission within the framework of legal requirements ((Caroll 1979, Lewin et al.1995, Wartick and Cochran 1985, Wood 1991). The data reflect that more than 50 percent of the sampled companies have policies or policy elements covering the Legal Responsibilities.

In the same context, some of the issues relating to ‘Social Impact’ (e.g. ‘Income Generation / Micro Finance,’ ‘Disability,’ and ‘Resettlement & Rehabilitation’) are concerned with ‘Ethical Responsibilities.’ It requires that businesses abide by the moral rules defining appropriate behavior in society (Caroll 1979, Lewin et al.1995, Wartick and Cochran 1985, Wood 1991). However, less than 50 percent of the respondents have paid attention on formulating policies in this respect.

Addressing the issues related to ‘Environment’ (e.g. ‘Recycling,’ ‘Climate Change strategy,’ ‘Renewable Energy/Energy efficiency,’ ‘Emissions) is concerned with discretionary responsibilities. They are equivalent to philanthropic responsibilities and reflect society’s desire to see businesses get actively involved in the betterment of society (Caroll 1979, Lewin et al.1995, Wartick and Cochran 1985, Wood 1991). The data in Table 13 clearly reflect that the policy elements covering the issues related to ‘Environment’ has been paid a little attention by the respondents..

### **Availability of Department/Function for Coordinating CR**

**Table 14. Availability of Department/Function for Coordinating CR**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	31	62.0	66.0	66.0
	no	16	32.0	34.0	100.0
	Total	47	94.0	100.0	
Missing	System	3	6.0		
Total		50	100.0		

Table 14 discloses the information on the availability of department or function for coordinating all aspects of CR in respondents' companies. The table shows that 66 percent of the sampled companies possess a department or function for coordinating all aspects of CR while 34 percent do not. However, 6 percent of the sample has not responded.

**Availability of Overall Written Policy on CR**

Table 15 discloses the information on the availability of an overall written policy on CR in the respondents' companies. The table shows that 32 percent of the respondents claim that their companies have an overall written policy on CR while 48 percent do not. However, non response rate is 6 percent.

**Table 15 - Availability of Overall Written Policy on CR**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	32.0	36.4	36.4
	No	24	48.0	54.5	90.9
	In process	4	8.0	9.1	100.0
	Total	44	88.0	100.0	
Missing	System	6	12.0		
Total		50	100.0		

Table 16 sheds the light on the cross tabulated data on the availability of department or function for coordinating all aspects of CR and the availability of an overall written policy. The data reveal that 13 organizations have both the department or function for coordinating all aspects of CR and an overall written policy on CR. Furthermore, 13 organizations which have functions do not have an overall written policy. In the same context, 3 organizations which have an overall written policy do not have functions. However, 11 organizations have neither written policy nor function.

**Table 16 - Function \* Written Policy Cross Tabulation**

Written Policy		Yes	No	In process	Total
Function	Yes	13	13	1	27
	No	3	11	2	16
Total		16	24	3	43

**Reasons for not Having Policies**

Exhibit 3 provides a summary of the reasons given by the respondents for not having a policy on corporate responsibility in their organizations.

Most of the respondents state the “Lack of finance” as the major reason for not having a Policy on Corporate Responsibility. The other commonly stated reasons are “resource constraints “and “No interest for the director board.”

**Exhibit 3 - Reasons for not Having a Policy on Corporate Responsibility**

Reasons
Lack of finance
Not a big organization to have such a written policy
Developing
resource constraints
No enough funds to formalize CSR, as it is done on and off
Not included in the business agenda
No interest for the director board
There is an annual allocation
Organization has not developed to have a policy

**Key Issues Adresse**

Table 17 reports the responses given for the dichotomous question on whether or not the CR key issues are addressed at the board level.

**Table 17 - CR issues are Addressed at Board Level**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	60.0	68.2	68.2
	No	14	28.0	31.8	100.0
	Total	44	88.0	100.0	
Missing	System	6	12.0		
Total		50	100.0		

According to the table, 60 percent of the respondents state that the CR key issues are addressed at the board level, while 28 percent claim ‘No’.

‘Chi Square Test’ was performed to examine whether the differences between the responses given are statistically significant. The test statistics (‘Chi Square value = 5.818,  $\alpha = 0.016$ ) clearly indicate that the differences are statistically significant.

As commonly stated by the sample, the key issues the boards have addressed in the past three years are given in Exhibit 4.

**Exhibit 4 - key Issues Commonly Addressed by Boards**

Health and education of the community. Health, arts and cultural development of employees.
Employee welfare
Garbage disposal
Environment pollution
Tsunami issues, welfare of school children, building of schools
Unemployment, training facilities for undergraduates
Transparency in corporate governance
English education, computer literacy
Energy management, environmental issues, financial issues
Health and education
Community relations, environmental relations, employee relations
Green issues
Health issues, road development, water supply
Health and education of the community, environmental issues
Welfare of school children

National disasters
road development, School education and development
Water supply, IDP, School education, environmental issues
Poverty, Employee welfare,

### Annual Operating Plan for CR

Table 18 provides the responses given by the sample for the dichotomous question on whether or not the company has an annual operating plan for CR.

**Table 18 –Respondents having an Annual Operating plan for CR**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid    yes	27	54.0	57.4	57.4
no	20	40.0	42.6	100.0
Total	47	94.0	100.0	
Missing   System	3	6.0		
Total	50	100.0		

According to the table, 54 percent of the respondents claim that they have an annual operating plan for CR while 40 percent indicate that they have no annual operating plan.

### The Levels of the Internal Management Reviewing CR Plans and Budget

The respondents were asked to state the levels of the internal management at what CR plans and budget are reviewed. Table 19 reports the responses given. The responses are not mutually exclusive as some of the respondents have marked more than one alternative.

**Table 19- percentage values for the number of respondents for review of CR plan and Budgets**

Level of Review	Reviewed
Board level	17
CEO / Chairman	10
Management level	15

According to the table, 17 firms review their CR plan and budgets at board level, 10 firms at CEO/ Chairman Level and 15 at management level. However, 11 firms have not responded.

## Stakeholder Consultation for CR plans and Budgets Development

Table 20 gives the information on whether or not the CR plans and budgets are developed in consultations with stakeholders. According to the table, 52 percent of the respondents claim that they develop CR plans and Budgets in consultations with stakeholders while 38 percent indicate they do not.

**Table 20 - Consulting Stakeholders in Developing CR Plans and Budgets**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	26	52.0	57.8	57.8
	No	19	38.0	42.2	100.0
	Total	45	90.0	100.0	
Missing	System	5	10.0		
Total		50	100.0		

The responses given for the question whether these stakeholders are external or internal are reported in Table 21. It reveals that 57.6 percent of the firms consult internal stakeholders while 7.8 firms consult external stakeholders. However, 34.6 percent consult both internal and external stakeholders.

**Table 21 - Nature of Consulting Stakeholders**

Stakeholders		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Internal	15	30.0	57.6	57.6
	External	2	4.0	7.8	65.4
	Both	9	18.0	34.6	100.0
	Total	26	52.0	100.0	
Missing	System	24	48.0		
Total		50	100.0		

### Important Factors Embedding CR Values and Policies

The respondents were asked to rank the factors given in Table 22 as to what they consider as the three most important factors to embed their CR values and policies throughout the company’s structure. Table 22 sheds the light on the percentage of the respondents who rank the factors they consider as the three most important factors to embed their CR values and policies throughout the company’s structure. The highest percentage of the respondents (28%) assigns rank 1 to “**Gaining board support**” and “**Communicate values and policies internally**” as one of the three most important factors to embed their CR values and policies throughout the company’s structure. The second highest percentage of the respondents (20%) assigns rank ‘2’ to the factor “**Communicate values and policies internally**” and the third highest percentage of the respondents (14) assigns rank ‘2’ to the factor “**Dialogues & partnerships with external stakeholders.**” Accordingly, the data in Table 22 reflect that “**Gaining board support,**” “**Communicate values and policies internally**” and “**Dialogues & partnerships with external stakeholders**” are the three most important factors to embed their CR values and policies throughout the company’s structure.

**Table 22- Important Factors to Embed CR Values and Policies**

Factor	Rank 1	Rank 2	Rank 3	Total
<b>Gaining board support</b>	<b>28</b>	6	4	38
<b>Communicate values and policies internally</b>	<b>28</b>	20	10	64
Integrate into incentives structures	0	6	8	22
Establish key performance measures	8	12	6	34
Build internal skills and capacity	8	10	8	36
Integrate into innovation process	2	6	10	22
Manage supply chain relationships	2	6	4	16
<b>Dialogues &amp; partnerships with external stakeholders</b>	10	<b>14</b>	4	30
Others(specify)	4	0	2	6

### Instruments, Norms, or Codes Aligned by Company (PSUs/SOEs Only)

The respondents were asked to indicate the instruments, norms or codes to which the company is aligned, guided by, is a signatory to or is certify under. The instruments, norms, or codes given are reported in the table 23. The alignment codes given are “Member (M),” “Signatory (S),” “Certified( C),” “Fellow (F),” and “ Don’t Know (DK),/ Can’t Say (CS).” Table 23 highlights the responses given under each category. The data show that the most of the respondents have selected “Don’t Know (DK)/ Can’t Say (CS)” category. Some of the organizations follow the most of the instruments, norms or codes.

**Table 23 - Status of Instruments/ Norms/ Codes**

	Member (M)	Signatory (S)	Certified (C)	Follow (F)	DK /CS	total	missing
Caux Round Table Principles for Business					16 (32)	16 (32.0)	34 (68.0)
CERES principles				1 (2.0)	16 (32)	17 (34.0)	33 (66.0)
Worldwide Responsible Apparel Production Principles (WRAP)	2 (4.0)		2 (4.0)		15 (30)	19 (38.0)	31 (62.0)
SA 8000				1 (2.0)	14 (28)	15 (30.0)	35 (70.0)
AA 1000					17 (34)	17 (34.0)	33 (66.0)
ISO 14001	4 (8.0)		1 (2.0)	1 (2.0)	15 (30)	21 (42.0)	29 (58.0)
Fair Labor Association Workplace Code of Conduct	1 (2.0)		1 (2.0)	1 (2.0)	15 (30)	18 (36.0)	32 (64.0)
Fair Wear Foundation Code of Labor Practices				1 (2.0)	15 (30)	16 (32.0)	34 (68.0)
Global Sullivan Principles				1 (2.0)	15 (30)	16 (32.0)	34 (68.0)
Clean Clothes Campaign Code of Labor practices					16 (32)	16 (32.0)	34 (68.0)
Global Alliance for Workers and Communities	1 (2.0)			1 (2.0)	14 (28)	16 (32.0)	34 (68.0)
Worker’s Rights Consortium Model Code of Conduct	1 (2.0)			1 (2.0)	14 (28)	16 (32.0)	34 (68.0)
Global reporting initiative	1 (2.0)			2 (4.0)	14 (28)	17 (34.0)	33 (66.0)
ETI Base Code	1 (2.0)		3 (6.0)	2 (4.0)	15 (30)	21	29
RUGMARK					16 (32)	16 (32)	34 (68.0)

Sustainability: Integrated Guidelines for Management	<b>1 (2.0)</b>			<b>1 (2.0)</b>	<b>15 (30)</b>	<b>17 (34.0)</b>	<b>33 (66.0)</b>
OHSAS18000	<b>1 (2.0)</b>			<b>1 (2.0)</b>	<b>14 (28)</b>	<b>16 (32.0)</b>	<b>34 (68.0)</b>
The Universal Declaration of Human Rights (UNDHR)				<b>3 (6.0)</b>	<b>15 (30)</b>	<b>18 (36.0)</b>	<b>32 (64.0)</b>
Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy,				<b>2 (4.0)</b>	<b>15 (30)</b>	<b>17 (34.0)</b>	<b>33 (66.0)</b>
Millennium Development Goals	<b>1 (2.0)</b>			<b>1 (2.0)</b>	<b>17 (34)</b>	<b>19 (38.0)</b>	<b>31 (62.0)</b>
UN Global Compact	<b>1 (2.0)</b>	<b>1 (2.0)</b>		<b>5 (10.0)</b>	<b>16 (32)</b>	<b>23 (46.0)</b>	<b>27 (54.0)</b>
OECD Guidelines for Multinational Enterprises				<b>4 (8.0)</b>	<b>15 (30)</b>	<b>19 (38.0)</b>	<b>31 (62.0)</b>
UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights				<b>3 (6.0)</b>	<b>15 (30)</b>	<b>18 (36.0)</b>	<b>32 (64.0)</b>
CII/UNDP Social Code				<b>2 (4.0)</b>	<b>15 (30)</b>	<b>17 (34.0)</b>	<b>33 (66.0)</b>
TERI BCSD International Chambers Of Commerce	<b>1 (2.0)</b>			<b>1 (2.0)</b>	<b>14 (28)</b>	<b>16 (32.0)</b>	<b>34 (68.0)</b>
SEBI CLAUSE 49					<b>16 (32)</b>	<b>16 (32.0)</b>	<b>34 (68.0)</b>

## 2.5 Corporate Responsibly Reporting and Disclosure

The respondents were asked to indicate whether the CR plan of the company is available in the public domain. Table 24 gives the responses given in this respect. According to the data in the table, 36 percent of the respondents claim that their CR plan is available in the public domain while 25 percent say “No”.

**Table 24- CSR Plan Availability**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	36.0	41.9	41.9
	No	25	50.0	58.1	100.0
	Total	43	86.0	100.0	
Missing	System	07	14.0		
Total		50	100.0		

‘Chi Square Test’ was performed to examine whether the differences between the responses given are statistically significant. The test statistics (‘Chi Square value = 1.14.  $\alpha = 0.028$ ) clearly indicate that the differences are statistically significant. Therefore, it can be concluded that the companies in the sample are different in terms of availability of CR plan in the public domain.

Answering to the question on “where is the CR plan available,” 26 Percent of the respondents indicate that their CR plan is in the annual report, 22 percent signify it is in the website, and 6 percent claim it is in the CR/ Sustainability report (see table 25). However, the responses are not mutually exclusive as the respondents had provided multiple choices.

**Table 25 –Place where CR Plan is Available**

	Frequency of availability	Percentage value
CR/ Sustainability report	03	06.00
Annual report	13	26.00
website	11	22.00
others	01	02.00

### **Awareness on Global Reporting Initiative (GRI)**

The respondents were asked to indicate whether they are aware of the Global Reporting Initiative. Table 26 sheds the light on the responses given. The table indicates that 36 percent of the respondents are aware of the GRI while 50 percent are not.

**Table 26 - Awareness on GRI**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	36.0	41.9	41.9
	No	25	50.0	58.1	100.0
	Total	43	86.0	100.0	
Missing	System	07	14.0		
Total		50	100.0		

‘Chi Square Test’ was performed to examine whether the differences between companies in terms of the awareness of the Global Reporting Initiative are statistically significant. The test statistics (‘Chi Square value = 1.14.  $\alpha = 0.028$ ) clearly indicate that the differences are statistically significant. Therefore, it can be concluded that the companies in the sample are different in terms of the awareness of the Global Reporting Initiative. Most of the organizations are not aware of GRI.

Moreover, 26 percent of the respondents state that their CR reporting is aligned with the GRI while 22 percent claim it is not. However, a large parentage of the sample (52%) remains unanswered (see Table 27).

**Table 27 - CR Reporting Aligned with GRI**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	26.0	54.2	54.2
	No	11	22.0	45.8	100.0
	Total	24	48.0	100.0	
Missing	System	26	52.0		
Total		50	100.0		

The question as to what department is responsible for CR reporting was answered by only 14 firms of the sample. The commonly indicated departments/units, which are responsible for CR reporting, are the CSR, CSR, CRM, Corporate Management, Finance, Group Corporate Committee, HRM, and Marketing.

## 2.6 Stakeholder Management

Respondents were asked to select the key stockholders with regard to their operations from the alternatives given in table 28 and highlight the stakeholders that influence the CR activities of their company. And, they were also asked to prioritize these influencers by using the scale given below.

Scale: 1= Most influential, 2 = less influential than 1, 3 = less influential than 2, and 4 = less influential than 3.

Table 28 highlights the respondents' opinion on the key stockholders with regard to their operations and the degree of their influence to the CR activities of their company. According to the table, 'Employees', 'Management', 'Consumers/Customers', and 'Shareholders' are considered as the key stockholders with regard to their operations.

**Table 28 – Key Stakeholders of Company Operation**

Stakeholders	A key stakeholder	Not a key stakeholder	Missing data	An influencer	Not an influencer	Missing other
	Frequency			Frequency		
Shareholders	13 (26)	10 (20)	27 (54)	25 (50)	17 (34)	08 (16)
Employees	21 (42)	01 (02)	28 (56)	36 (72)	05 (10)	09 (18)
Trade unions	07 (14)	14 (28)	29 (58)	13 (26)	25 (50)	12 (24)
Management	17 (34)	05 (10)	28 (56)	35 (70)	06 (12)	09 (18)
Family of employees	07 (14)	14 (28)	29 (58)	13 (26)	24 (48)	13 (26)
Government	10 (20)	11 (22)	29 (58)	17 (34)	22 (44)	11 (22)
Community	09 (18)	12 (24)	29 (58)	20 (40)	17 (34)	13 (26)
Consumers/Customers	14 (28)	07 (14)	29 (58)	24 (48)	14 (28)	12 (24)
Investors	07 (14)	13 (26)	30 (60)	14 (28)	24 (48)	12 (24)
Suppliers	09 (18)	11 (22)	30 (60)	10 (20)	28 (56)	12 (24)
NGOs	04 (08)	16 (32)	30 (60)	06 (12)	28 (56)	16 (32)
Media	05 (10)	16 (30)	29 (58)	09 (18)	24 (48)	17 (34)
Industry associations	07 (14)	15 (30)	28 (56)	12 (24)	24 (48)	14 (28)
International Organizations	04 (08)	17 (34)	29 (58)	07 (14)	27 (54)	16 (32)

Note – *(Percentages are in Parentheses)*

In the same context, 'Employees', 'Management,' 'Shareholders,' 'Consumers/Customers,' and 'Community' are considered as the stakeholders that influence the CR activities of their company.

**Table 29 – Influence of Key Stakeholders to Company CR**

Stakeholders	1=Most influential	2= less influential than 1	3= less influential than 2	4= less influential than 3
Shareholders	<b>11</b> (22)	09 (18)	02 (04)	01 (02)
Employees	<b>14</b> (28)	07 (14)	13 (26)	02 (04)
Trade unions	04 (08)	04 (08)	01 (02)	01 (02)
Management	<b>22</b> (44)	08 (16)	04 (08)	00
Family of employees	01 (02)	05 (10)	03 (06)	02 (04)
Government	02 (04)	03 (06)	05 (10)	02 (04)
Community	07 (14)	05 (10)	03 (06)	03 (06)
Consumers/Customers	08 (16)	09 (18)	04 (08)	01 (02)
Investors	03 (06)	07 (14)	01 (00)	01 (02)
Suppliers	03 (06)	04 (08)	01 (02)	00
NGOs	01 (02)	01 (02)	02 (04)	00
Media	04 (08)	01 (02)	00	00
Industry associations	01 (02)	02 (04)	06 (12)	01 (02)
International Organizations	01 (02)	02 (04)	02 (04)	00
others	01 (02)	02 (04)	00	00

[Percentages (Rounded) are in Parentheses]

However, most of the respondents claim that ‘Trade Union,’ ‘NGOs,’ ‘Media,’ and ‘International Organizations’ are neither key stakeholder nor major influencers on the CR activities of their company.

Table 29 shows how the respondents prioritized the influencers by using the scale given above. The table clearly indicates that ‘Management,’ ‘Employees,’ and ‘Shareholders’ act as the most influential stakeholders. All other stakeholders are less influential than ‘Management,’ ‘Employees,’ and ‘Shareholders.’

### **Prominent Role to Drive Adoption of CR**

Respondents were asked to rank the stakeholders (internal and external) having the most prominent role to drive the adoption of CR in their organizations in the present and near future in their order of importance.

Table 30 records the frequency and percentage of the ranking by the respondents to the internal stakeholders having the most prominent role to drive the adoption of CR in their company in the present and near future. The data in the table indicate that most of the respondents (42%) assign rank 1 with the ‘Management’ as the internal stakeholder who will have to play the most prominent role to drive the adoption of CR in the company. And, 26 percent of the respondents assign rank 1 with ‘Shareholder.’

**Table 30 – Internal Stakeholders Having most Prominent Role to Drive Adoption of CR**

Internal Stakeholders	Rank 1	Rank 2	Rank 3	Rank 4	Missing
Shareholder	13 (26)	03 (06)	04 (08)	02 (04.0)	28 (56)
Employees	08 (16)	15 (30)	07 (14)	00	20 (40)
Trade Unions	00	00	02 (04)	08 (16.0)	40 (80)
Management	21 (42)	09 (18)	04 (08)	00	16 (32)

*(Percentages are in Parentheses)*

Table 31 records the frequency and percentage of the ranking by the respondents to the external stakeholders having the most prominent role to drive the adoption of CR in their company in the present and near future. The data in the table indicate that most of the respondents (30%) assign rank 1 with the ‘Consumer/customer’ as the external stakeholder who will have to play the most prominent role to drive the adoption of CR in the company.

**Table 31 – External Stakeholders Having Most Prominent Role to Drive Adoption of CR**

External Stakeholders	Rank 1	Rank 2	Rank 3	Rank 4	Missing
Family of employees	01 (02)	03 (06)	02 (04)	00	41 (82)
Government	05 (10)	03 (06)	05 (10)	01 (02)	35 (70)
Community	04 (08)	04 (08)	03 (06)	05 (10)	32 (64)
Consumer / Customers	15 (30)	07 (14)	01 (02)	00	26 (52)
Investors	03 (06)	05 (10)	02 (04)	01 (02)	36 (72)
Suppliers	02 (04)	00	02 (04)	01 (02)	39 (78)
NGOs	00	01 (02)	00	00	45 (90)
Media	00	00	00	03 (06)	43 (86)
Industry Associations	01 (02)	01 (02)	03 (06)	00	42 (84)
International Organizations	00	01 (02)	00	03 (06)	43 (86)

*(Percentages are in Parentheses)*

### **Formal Engagement Process and Systems for Stakeholders**

The respondents were asked whether their company has a formal engagement process (like meetings, reviews etc) and systems in place for any of the stakeholders. Table 32 gives the responses. According to the table, 60 percent of the respondents claim that their respective companies have a formal engagement process and systems in place for any of the stakeholders. However, 30 percent claim “No” while 10 percent have not responded.

**Table 32- Formal Engagement Process and Systems for Stakeholders**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	60.0	66.7	66.7
	No	15	30.0	33.3	100.0
	Total	45	90.0	100.0	
Missing	System	05	10.0		
Total		50	100.0		

Table 33 sheds the light on the types of stakeholders for whom the respondents' respective companies have a formal engagement process and systems in place. According to the table, the commonly stated stakeholders for whom the respondents have formal engagement process are Shareholders, Employees, Consumers/Customers, and Government. However, the responses are not mutually exclusive since the respondents have given multiple answers.

**Table 33 - Formal Engagement Process and Systems by Stakeholder Type**

Stakeholders	Company has a formal engagement process
Employees	22 (44)
Shareholders	20 (40)
Consumers/Customers	13 (26)
Government	12 (24)

*(Percentages are in Parentheses)*

Respondents were also asked whether they use any stakeholder management tool such as AA 1000. Table 34, which records the responses, reveals that only one company uses such tool while 34 firms do not. The non response percentage is 30.

**Table 34- Stakeholder Management Tool**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	01	02.0	02.9	02.9
	No	34	68.0	97.1	100.0
	Total	35	70.0	100.0	
Missing	System	15	30.0		
Total		50	100.0		

## CR Initiatives Launched

CR initiatives commonly launched in the last 3 years which were addressed to their key stakeholder groups by the respondents' companies are listed in Exhibit 5.

### Exhibit 5 - CR initiatives Commonly Launched in Last 3 Years

CR initiatives
A direction board/event
Employee welfare/ industry associations
Clean Water supply projects, save the children fund, projects for differently able students
Eagle Samana / free life coverage for fathers of new born babies
Lunch room, toilets for elders home, supply foods for 25 children daily, build class rooms.
Waste polythene collection project- Adams peak/ construction of Malimboda market place, scholarship scheme for children of late loyal customers/ hospital renovation project/ 2 story school building/ HIV aids awareness campaign/ tree planting campaign
Wiring a school building/ provide water tanks for religious places
Internship for undergraduates/ projects for Tsunami victims
scholarship scheme
projects for Tsunami victims/ building for schools, hospitals/ health educational program
Building for schools/ develop children's wards/ electric courses for students
Bicycle reflector project/ directional boards/ street name boards/ installation of tube wells/ vehicle breakdown service/ education on dengue.
Green lending/ various projects in schools
Piyawara school development project/
projects in the Cancer hospital
English educational programs
Tsunami reliefs projects, education on food inspection
Skills training programs for employees
Housing projects/ disability projects
Drinking water sanitation projects, computer literacy programs, scholarships, cancer counseling centre, blood donation campaign, community nursing initiatives for elders, dengue and "Chickungunya" prevention campaign, Nana Pubuduwa school library project, waste recycling project.
Water supply projects and hospital development project in Karawanella
Reforestation programs
Establishing a library in Bandarawella, provide exercise books for children of low income employees, providing transport facility
Organizing an annual trip for family members, insurance scheme for employees
Training programs for farmers, scholarships for students
Equipment for schools in the area, maintenance of base hospitals
insurance scheme for employees, donations for temples & churches and school events
Financial assistance for the youth for international sports events
Gardening Kollupitiya round the bound

Empowerment of rural women, micro finance programs
Facilitation programs for employees over 25 years of service, repairs to provincial hospitals, child welfare
Educational programs for students provide vocational training for rural people, dignified reintegration for reformed prisoners.

### **Mechanism to Identify Needs of Marginalized/Vulnerable Stakeholders**

The respondents were questioned whether they have a mechanism in place to identify the needs of the most marginalized/vulnerable stakeholders. The responses are given in Table 35. Data in the table shows that only a small proportion of the sample (20%) has a mechanism in place to identify the needs of the most marginalized/vulnerable stakeholders while more than half of the sample (56 percent) does not have such a mechanism. Non-response rate is 24 percent.

**Table 35 - Mechanism in Place to Identify Needs of Marginalized/vulnerable Stakeholders**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	20	26.3	26.3
	No	28	56	73.7	100
	Total	38	76	100	
Missing	System	12	24		
Total		50	100		

## **2.7 Community Development**

This section attempts to capture the essence of community development activities by respondents' business and relates to their company's community development activities.

The respondents were given the alternative activities given in Table 36 and asked to indicate the activities in which their respective companies invest with regard to community development.

The data in the table disclose that most of the companies involve in 'National Initiatives' while no organization involves in 'International Initiatives.' Considerable number of companies involves in 'City / Villages of Business Operations,' also. However, the number of companies involves in Neighboring Cities/Villages of Business Operations is relatively low. These answers are not mutually exclusive as the multiple responses have been recorded.

**Table 36 – Investment in Community Development Activities**

Investment	Frequency	Percentage
International Initiatives	0	0
National Initiatives	25	50
City / Villages of Business Operations	22	44
Neighboring Cities/Villages of Business Operations	13	26

**Consideration on Current and Future Business Impact on Communities**

The respondents gave their perceptual evaluation on the extent to which their respective companies take the current and future business impact on the communities into account. The response categories were ‘High,’ ‘Moderate,’ and ‘Low.’ The responses, which are highlighted in Table 37, disclose that only a small percentage of the sample (6%) pays a ‘High’ consideration on the impact their current and future business would make on the communities. Conversely, a relatively larger percentage of the respondents (30%) indicates that the extent to which their respective companies take the current and future business impact on the communities into account is ‘Moderate.’

**Table 37 - Consideration on Current and Future Business Impact on Communities**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High	06	12	25.0	25.0
	Moderate	15	30	62.5	87.5
	Low	03	06	12.5	100.0
	Total	24	48	100.0	
Missing	System	26	52		
Total		50	100		

Furthermore, three percent of the respondents claim that they pay ‘Low’ attention on the impact their current and future business would make on the communities. However, the non - response rate is as high as 48 percent.

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceptual evaluations on the extent to which their respective companies take the current and future business impact on the communities into account are statistically significant.

The test results shows that the differences among the evaluations are statistically significant (Kolmogorov-Smirnov  $Z = 1.621$ ,  $\alpha = 0.010$ ).

### **Programmes for Development by Communities**

Respondents were also asked to indicate the communities for whom their respective companies have separate programmes for development. The alternatives given were (a) communities that have business impact, (b) communities that have no business impact, and (c) both communities. The responses, which are reported in table 38, reveal that 58 percent of the respondents have separate development programs for both communities, 7 percent of the subjects have separate development programs for communities that have no business impact, and 8 percent have separate programs for communities that have business impact. However, 10 respondents remain unanswered.

**Table 38 - Programmes for Development by Communities**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	that have business impact	04	08	10.0	10.0
	that have no business impact	07	14	17.5	27.5
	for both	29	58	72.5	100.0
	Total	40	80	100.0	
Missing	System	10	20		
Total		50	100		

The respondents were asked to state whether their companies support the weaker section through their community development. They were given dichotomous response categories ‘Yes’ and ‘No.’ The responses, which are given in table 39, disclose that the majority of the sample (74%) support the weaker section through their community development while only a percentage as small as 4 percent says ‘No.’ However, 18 percent of the sample remain unanswered.

**Table 39 - Community Development for Weaker Sections**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	74.0	90.2	90.2
	No	04	08.0	09.8	100.0
	Total	41	82.0	100.0	
Missing	System	09	18.0		
Total		50	100.0		

### Community Development Targets

The comments of the sample on its community development targets were also taken. The alternative targets given were ‘Rural Communities,’ ‘Urban Communities,’ and ‘Both Communities.’ Table 40 sheds the light on the responses given. It discloses that 48 percent of the companies target their community development activities at ‘Both Communities.’ 30 percent at ‘Rural Communities,’ and 4 percent at ‘Urban Communities,’

**Table 40 - Community Developments Targets**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rural	15	30	36.6	36.6
	Urban	02	04	04.9	41.5
	Both	24	48	58.5	100.0
	Total	41	82	100.0	
Missing	System	09	18		
Total		50	100		

### Key Community Development Target Groups

Table 41 reports the key groups at whom the sample target their community development programmes. According to the table, more than half the respondents (32) target their community development programs at ‘children,’ 18 companies target their programs at ‘youth,’ 16 companies at ‘people affected by natural disasters’ and 12 companies at ‘physically challenged.’ These responses are not mutually exclusive as multiples choices are included.

**Table 41 - Key Community Development Target Groups**

Target Groups	Frequency
Children	32
Girl Child	5
Youth	18
Women	9
Elderly	10
Tribal	0
Dalit	0
Physically challenged	12
Homeless	7
Substance abuse	4
People affected by natural disasters	16
People living with diseases	11

**Mechanism for Assessing Overall Impact on the Stakeholders**

Exhibit 6 lists the summary of commonly cited systems/tools that their respective company uses to assess overall impact of the current and future business on the stakeholders. This question was an open ended one and the response rate is as low as 28 percent of the sample. Majority of the respondents state that they do not have any system. Some other companies involve in research.

**Exhibit 6 - Mechanism for Assessing Overall Impact on Stakeholders**

Individual feedback
No system
Statistical reports, research surveys, feedback forms
Research
Ministry of government analysis
KPI periodic analysis, internal & external responses, requests
External requests
Progressive report, continuous feedbacks, evaluation forms
Continuous review

The respondents gave their perceptual evaluation on the extent to which their respective companies address the impact of current and future business on the communities through community initiatives. The response categories were ‘Very less extent,’ ‘Less extent,’ High extent and ‘Very high extent.’

**Table 42 - Degree of Impact Addressed by Community Initiatives**

		<b>Current</b>		<b>Future</b>	
		Frequency	Percent	Frequency	Percent
Valid	Very less extent	02	04	01	02
	Less extent	19	38	05	10
	High extent	10	20	19	38
	Very high extent	02	04	04	08
	Total	33	66	29	58
Missing	System	17	34	21	42
Total		50	100	50	100

The responses, which are highlighted in Table 42, disclose that 38 percent of the respondents address the current impact to a ‘Less extent,’ 20 percent to a High extent,’ and 2 percent to a ‘Very high extent.’ In the same context, 38 percent of the respondents address the future impact to a ‘High extent,’ 10 percent to a ‘Less extent,’ and 8 percent to a ‘Very high extent.’ However, non response rates are high in both cases (e.g. current -34%, future - 42%).

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceptual evaluations on the extent to which their respective companies address the impact of current and future business on the communities through community initiatives are statistically significant. The test results shows that the differences among the evaluations are statistically significant (Current: Kolmogorov-Smirnov  $Z = 1.924$ ,  $\alpha = 0.001$ ; Future: Kolmogorov-Smirnov  $Z = 1.907$ ,  $\alpha = 0.001$ ). Therefore, it can be concluded that the companies’ perceptual evaluations on the extent to which their respective companies address the impact of current and future business on the communities through community initiatives are different.

### **Key Areas Supporting through Community Initiatives**

The respondents were asked to highlight the key area/issues which their companies support through community development. The alternatives given to the respondents and the frequencies of the responses to each of the alternatives are given in Exhibit-7.

### Exhibit 7 - Key Area/Issues which Companies Support through Community Development

Key issues/ areas	Frequency
<b>Health</b>	
Family Planning	03
Diseases (HIV/AIDS, Malaria, TB, cancer)	06
Immunization	02
Clean drinking water	10
Sanitation	09
Health infrastructure	<b>15</b>
Health education	<b>13</b>
<b>Education</b>	
Building teaching capacity	11
Primary education	<b>17</b>
Higher education	<b>13</b>
Adult literacy	4
Scholarships	<b>13</b>
Teaching resources	06
<b>Natural Resource Management</b>	
Wasteland development	03
Wildlife	03
Forestry	04
Anti-Pollution	<b>14</b>
Environmental education/awareness	<b>16</b>
Natural calamity	05
<b>Infrastructure Development</b>	
Wells	07
Roads	08
Community Centers	<b>14</b>
Other buildings	<b>12</b>
Gobar gas plants	03
<b>Livelihood – Farm Based Activities</b>	
Agriculture	<b>13</b>
Horticulture	04
Agri processing	06
Animal husbandry/Poultry/fisheries	07
<b>Livelihood - Non-farm related activities</b>	
Employing disadvantaged/marginalized	<b>11</b>
Settling Ancillary units	00
Helping people market their products	08
Vocation	03
Crafts	00

The commonly cited key area/issues which companies support through community development are **‘Health’**(‘Health infrastructure,’ ‘Health education,’), **‘Education’** (‘Primary Education,’ ‘Higher education,’ and ‘Scholarships,’), **‘Natural Resource Management’**( ‘anti pollution, and ‘environmental education/awareness’), **Infrastructure Development** (‘Community Centers’ and ‘Other buildings’ ), **Livelihood – Farm Based Activities** (Agriculture), and **Livelihood - Non-farm related activities** (Employing disadvantaged/marginalized). However, it should be noticed that the responses are not mutually exclusive as the multiple choices are included.

**Alignment of Community Development Initiatives with Global/National Development Goals**

The respondents were asked to state whether their community development initiatives are aligned with any of the global/national development goals. The alternatives given to the respondents and the frequencies of the respondents who highlighted the each of the alternatives are given in Table 43.

**Table 43- Community Development Initiatives Alignment with Global/National Development Goals**

Global/ National development Goal	Frequency
Millennium Development Goals	10
National Development Goals	13
Not aware of any such thing	20

The table reveals that 10 companies have their company’s community development initiative aligned with the ‘Millennium Development Goals’ while 13 companies have aligned with the ‘National Development Goals.’ However, majority of the companies (20 companies) state that they are ‘Not aware of any such thing.’

**Main Ways of Investing in Community**

Table 44 presents the respective frequencies of the respondents and the main ways in which they invest in the community. According to the table, ‘Donation of products or services,’ ‘Cash Donations,’ ‘Employment / Internship of disadvantaged / marginalized,’ and ‘Employee volunteering’ are the commonly cited means of investing in the community. However, it should be noticed that the responses are not mutually exclusive as the multiple choices are included.

**Table 44 - Main Ways of Investing in Community**

Ways	Frequency
Employee volunteering	13
Executive volunteering	12
Secondment	02
Skills/business training to NGO staff	01
Skills/business training to NGO beneficiaries	02
Cash Donations	<b>27</b>
Donation of products or services	<b>28</b>
Provision of company facilities (vans, office space, hospital)	09
Preferential purchasing of materials from community or NGO	06
Employment / Internship of disadvantaged / marginalized	<b>16</b>
Helped in setting up ancillary units / set up ancillary unit	03

**Utilization of Core Business Competencies and Skills for Community Development Goals**

Table 45 gives the frequencies of the respondents who utilize their core business competencies and skills as a means to achieve their community development goals. The table shows that 56 percent of the companies in the sample exploit their core business competencies and skills as a means to achieve their community development goals while 26 percent do not. Non response rate is 18 percent.

**Table 45 - Utilization of Core Business Competencies and Skills for Community Development Goals**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	56	68.3	68.3
	No	13	26	31.7	100.0
	Total	41	82	100.0	
Missing	System	09	18		
Total		50	100		

‘Chi Square Test’ was performed to examine whether the differences between the responses are statistically significant. The test statistics (‘Chi Square value = 5.488,  $\alpha = 0.019$ ) clearly indicate that the differences are statistically significant. This result reflects that the companies are different in utilizing their core business competencies and skills as a means to achieve their community development goals.

In the same context, the respondents gave their perceptual ratings on the extent to which their respective companies exploit their core business competencies and skills as a means to achieve their community development goals. The response categories were ‘Very less extent,’ ‘Less extent,’ ‘High extent and ‘Very high extent.’ The ratings are summarized in Table 46.

**Table 46 - Extent of Exploiting Core Business Competencies and Skills to Achieve Community Development Goals**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very less extent	02	04	05.9	05.9
	Less extent	09	18	26.5	32.4
	High extent	20	40	58.8	91.2
	Very high extent	03	06	08.8	100.0
	Total	34	68	100.0	
Missing	System	16	32		
Total		50	100		

According to the table, 46 percent of the sampled companies make use of their core business competencies and skills as a means to achieve their community development goals, at least’ to a ‘High extent,’ while 18 percent make use of them to a ‘Less extent.’ However, the non response rate is as high as 32 percent.

Kolmogorov – Smirnov one sample test was performed to examine whether the respondents’ perceptual ratings on the extent to which their respective companies exploit their core business competencies and skills as a means to achieve their community development goals are statistically significant. The test results shows that the differences among the ratings are statistically significant (Kolmogorov-Smirnov  $Z = 1.955$ ,  $\alpha = 0.001$ ). Therefore, it can be concluded that a large proportion of the sample exploit its core business competencies and skills as a means to achieve its community development

### **Partnerships for Achieving Community Developments Goals**

Table 47 presents the various types of partnerships respondents engaged to achieve the community developments goals and their respective frequencies

**Table 47- Partnerships for Achieving Community Developments Goals**

Partnership	Frequency
Business - business	10
Business - government	13
Business - business-schools	06
Business – NGO	06
Business – community	22
Tri-sector partnership	04
Did not enter into any partnership	12

According to the table, most of the respondents have engaged in business – community partnerships while the least number of respondents have engaged in Tri-sector partnership. A considerable number of companies engage in Business – business, and Business – government partnerships. Conversely, 12 business organizations have not entered into any partnership.

**Exhibit 8 – Significant Partnership Examples – Last Three Years**

<b>Significant Partnership Examples – Last Three Years</b>
Social development activities with the government in north and east
Caring account programs with schools, rural development activities with NGOs and the government
Direct link with small farmers
Clinical waste management plant with the government
‘Gami pubuduwa’ micro finance project with the community and nanapubuduwa school library projects with government schools.
Providing stationary (files, printing materials) for schools
Training with
Providing computers for rural schools
Child friendly pre-schools with the community
Partnership with the ministry of education
Partnership with medical practitioners
Partnership with university of Peradeniya for industrial training for undergraduates
Wild life authority for protecting wild animals
Trained the community to preserve water
Workshop on environmental management with the central environmental authority
Partnership with the ministry of labor

The exhibit 8 specifies the commonly stated most significant Partnership examples in the last three years.

**Opinion on Learning and Training on Cross – Sector Partnership Management**

Table 48 provides the views of the respondents on their interest in learning more/having training on how to establish and manage cross – sector partnership.

**Table 48- Learning and Training on Cross – Sector Partnership Management**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	29	58	80.6	80.6
	No	07	14	19.4	100.0
	Total	36	72	100.0	
Missing	System	14	28		
Total		50	100		

It shows that 58 percent of the respondents are interest in learning more/having training on how to establish and manage cross – sector partnership while 14 percent are not interested. However, 28 percent do not express their views.

Chi Square Test’ was performed to examine whether the differences between the responses given are statistically significant. The test statistics (‘Chi Square’ value = 13.444,  $\alpha = 0.000$ ) clearly indicate that the differences are statistically significant. Therefore, the results reflect that majority of the respondents are interested in learning more/having training on how to establish and manage cross – sector partnership.

### **Philanthropic Investment**

Exhibit 9 summarizes the common kind of activities the firms in the sample support through philanthropic/ Charitable Giving

#### **Exhibit 9 – Activities Supported by Philanthropic /Charitable Giving**

Activities
Building houses for displaced, helping and supporting school activities and temples
Community development, combating against water related diseases
People’s bank welfare and staff development programs, trips, sponsorships for souvenirs and banners, blood donations and programs for differently able students.
Provide sponsorships for school events.
Granting scholarships for Colombo school children, helping the religious places
Develop school buildings, hospital wards
Programs to change attitudes of school children
School development project “Piyawara”
Houses for tsunami victims, basic facilities for schools
Skill training
Sponsorships for school debating championship

Alms giving to cancer hospital, x parties for differently able students.
Gami pubuduwa, nana pubuduwa
Donation for the Karawanella hospital, water supply projects
English education to rural students, women empowerment through skill development, development of new greenery
Alms giving to orphanages, cash donations for surgeries, cash donations for the Katharagama Perahera
Book donations to students, IT equipment donations for schools, school development projects
Maintenance of base hospitals, stationary and other essentials for schools
school development projects, donations for temples and churches
Assisting the youth to take part in international sport, Assisting the sick, developing community infrastructure
Community development, school development, school CR development
Caring account programs with schools
Workshops, training for schools, donations for religious activities
Providing stationary to employees' children

The respondents were asked to state how they allocate philanthropic investments. Only 74 percent of the sample responded to this question. The responses are given in Table 49. According to table, 56 percent of the responded firms allocate philanthropic investments through a revenue budget while 18 percent allocate through a Foundation/ Trust.

Out of the 9 firms, which allocate philanthropic investments through a Foundation/ Trust, 6 firms run their fund/trust as a part of their organization and only 1 firm allocates through a fund/trust run by another organization.

**Table 49 – Philanthropic Investment by Type of Budget**

Allocation	Frequency	Percent
Revenue budget	28	56.0
Through a foundation	09	18.0

### **Avail of Tax Benefits**

The responded were asked whether their companies avail of any tax benefits based on the donation. The responses are reported in Table 50. The table discloses that 12 firms avail tax benefits based on the donation while 17 firms do not. Non response rate is as high as 42 percent.

**Table 50 – Tax Benefit Avail**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	24.0	41.4	41.4
	No	17	34.0	58.6	100.0
	Total	29	58.0	100.0	
Missing	System	21	42.0		
Total		50	100.0		

## 2.8 Supply Chain Management

Many Leading companies discover risks and opportunities along their value/supply chain. The purpose of this section is to analyze what companies do regarding their suppliers.

### Number of Key Suppliers

The respondents were asked to indicate the number of their key supplies. The frequencies of the respondents for each of the response categories are given in Table 51. According to the table, the number of key suppliers to 54 percent of the firms is below 100.

**Table 51- Number of Key Suppliers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 50	12	24.0	30.0	30.0
	50 - 100	15	30.0	37.5	67.5
	100 - 300	06	12.0	15.0	82.5
	300 - 500	02	04.0	05.0	87.5
	above 500	05	10.0	12.5	100.0
	Total	40	80.0	100.0	
Missing	System	10	20.0		
Total		50	100.0		

And, the number of key suppliers to 12 percent of the firms is between 100 and 300. Only 10 percent of the firms have more than 500 key suppliers.

### Formal Engagement with Suppliers

Table 52 sheds the light on the comments the respondents made on the availability/ non availability of a formal engagement in place on CR issues with their suppliers. It discloses that 56 percent of the respondents have no plans for engagement, 18 percent intend to have an engagement, and only 10 percent have formal engagement in place.

**Table 52 - Formal Engagement with Suppliers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	formal engagement in place	05	10.0	11.9	11.9
	planning to have an engagement	09	18.0	21.4	33.3
	no plans for engagement	28	56.0	66.7	100.0
	Total	42	84.0	100.0	
Missing	System	08	16.0		
Total		50	100.0		

### Key CR Intervention in Supply Chain

Exhibit 10 highlights the key CR intervention in the respective respondents' supply chain in the last three years.

#### Exhibit 10- Key CR Intervention in Supply Chain

CR Initiatives in the supply chain
Training for the members in the supply chain
Training on quality, developing manufacturing units
Education programs
Providing stationary items

### Usage of CR Indicators for Selecting Suppliers

The respondents were asked whether they use any CR indicators in determining the choice of suppliers in the organization. The responses given are highlighted in Table 53. The data in the table disclose that 72 percent of the sampled firms do not use any CR indicators in determining the choice of suppliers in the organization. The percentage of the firms using CR indicators is as small as 10 percent.

**Table 53 - Usage of CR Indicators for Selecting Suppliers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	05	10.0	12.2	12.2
	No	36	72.0	87.8	100.0
	Total	41	82.0	100.0	
Missing	System	09	18.0		
Total		50	100.0		

‘Chi Square’ Test was performed to examine whether the differences between the responses are statistically significant. The test statistics (‘Chi Square’ value = 23.439,  $\alpha = 0.000$ ) clearly indicate that the differences are statistically significant reflecting that majority of the respondents do not use any CR indicators in determining the choice of suppliers in the organization.

#### **Availability of Compliance Mechanism**

Table 54 gives the responses of sample provided for the question on whether they have any compliance mechanism in place to review the CR performance of their suppliers.

**Table 54 - Availability of Compliance Mechanism**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	07	14.0	17.1	17.1
	No	34	68.0	82.9	100.0
	Total	41	82.0	100.0	
Missing	System	09	18.0		
Total		50	100.0		

The table reveals that 14 percent of the sample state that they have compliance mechanism in place to review the CR performance of their suppliers while 68 percent state hat they do not have. The missing number is 18 percent.

‘Chi Square’ Test was performed to examine whether the differences between the responses are statistically significant. The test statistics (‘Chi Square’ value = 17.780,  $\alpha = 0.000$ ) clearly indicate that the differences are statistically significant reflecting that majority of the respondents

do not have any compliance mechanism in place to review the CR performance of their suppliers.

**Supply Products/Services to other Organization**

The sample was asked to indicate whether they supply Products/Services to other organizations. The answers received, which are given in Table 55, disclose that 66 percent of the sample supply Products/Services to other Organizations while 10 percent do not. The missing value is 24 percent.

**Table 55 - Supply Products/Services to other Organization**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	33	66.0	86.8	86.8
	No	05	10.0	13.2	100.0
	Total	38	76.0	100.0	
Missing	System	12	24.0		
Total		50	100.0		

Out of the business organizations that supply products/services to other organizations, 13 organizations state that they are required to adhere to CR policies by their client/customers while 20 organizations state that they are not required (see Table 56).

**Table 56 – Requirement for Adhering to Client/Customers’ CR Policies**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	26.0	39.0	39.0
	No	20	40.0	61.0	100.0
	Total	33	66.0	100.0	
Missing	System	17	34.0		
Total		50	100.0		

In the same context, 7 organization state that they are required to adhere to CR policies with regard to sourcing and procurement policy while 27 organizations state that they are not required (see Table 57).

**Table 57 - Adhering to CR Policies with regard to Sourcing and Procurement Policy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	07	14.0	20.6	20.6
	no	27	54.0	79.4	100.0
	Total	34	68.0	100.0	
Missing	System	16	32.0		
Total		50	100.0		

## 2.9 CR Training and Recruitment

### Need For CR Awareness and Training

The respondents were asked to indicate whether their organizations need CR awareness and training for their employees. Table 58, which gives the responses, reveals that the percentage of the respondents who indicate that their organizations need CR awareness and training for their employees is as high as 74 percent. The table also highlights that only a small percentage of the sample does not need CR Awareness and Training for their employees.

**Table 58 - Need For CR Awareness and Training**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	37	74.0	80.4	80.4
	No	09	18.0	19.6	100.0
	Total	46	92.0	100.0	
Missing	System	04	08.0		
Total		50	100.0		

‘Chi Square’ Test was performed to examine whether the differences between the responses are statistically significant. The test statistics (‘Chi Square’ value = 17.043,  $\alpha = 0.000$ ) clearly indicate that the differences are statistically significant. This information reflects that most of the

business firms hold positive attitudes regarding the CR awareness and training for their employees.

**Table 59 - Category of Employees Needing the CR Awareness and Training**

Category of Employees	Frequency
Senior/executive staff	14
Middle management	15
CR department	02
HR department	11
Other departments	03
All employees	20

Out of the respondents who indicated that their organizations need CR awareness and training for their employees 20 respondents accept that all employees have the most need for CR awareness and training, 15 accept that the middle management has the most need, and 14 organization state that Senior/executive staff have the most need. However, these responses are not mutually exclusive as the multiple responses are entertained (see Table 59).

Table 60 provides the information on whether the respondents have participated in any CR related external training. According to the table, the percentage of the respondents who have participated in any CR related external training is 34 percent, while the percentage of the respondents who have not participated is 56 percent.

**Table 60 - Participation in CR Related External Training**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	17	34.0	37.8	37.8
	No	28	56.0	62.2	100.0
	Total	45	90.0	100.0	
Missing	System	05	10.0		
Total		50	100.0		

The respondents were asked to specify the places (the alternative places were given in Table 61) where they go for support when they need specialized help to support their CR work. Table 61, which sheds the light on the answers of the respondents, discloses that large number of companies (26) do not go to any of the specialists given for support in CR. However, 7

companies go for Industry Associations and 5 go for CR consultants when they need specialized help to support their CR work.

**Table 61 –Places Patronize by Companies to Support Their CR Work**

specialists	Frequency
PR Consultancies	03
CR consultants	05
CR NGOs	02
Business Schools	03
UN/International NGOs	01
Ministries	02
Industry Associations	07
None of the above	26

### CR Educated Graduates as Assets

The respondents gave their perceptual evaluation on the extent to which they consider CR educated graduates as an asset to their workforce. The scale used includes three categories: *‘Consider fully,’ ‘Consider to some extent,’ and ‘Do not consider at all.’* Table 62, which includes the results, discloses that 44 percent of the respondents consider CR educated graduates as an asset to their workforce to some extent, while 32 percent consider fully. The percentage of respondents who do not consider CR educated graduates as an asset to their workforce at all is 8 percent.

**Table 62 – Evaluation on CR Educated Graduates as an Asset**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Consider fully	16	32.0	38.1	38.1
	Consider to some extent	22	44.0	52.4	90.5
	Do not consider at all	04	08.0	09.5	100.0
	Total	42	84.0	100.0	
Missing	System	08	16.0		
Total		50	100.0		

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceptual evaluation on the extent to which they consider CR educated graduates as

an asset to their workforce are statistically significant. The test results shows that the differences among the ratings are statistically significant (Kolmogorov-Smirnov  $Z = 1.895$ ,  $\alpha = 0.002$ ). Therefore, it can be concluded that the respondents' attitudes towards the CR educated graduates as an asset to their workforce is favourable.

### Satisfaction with Current Level of CR Education

The respondents rated the extent to which they are satisfied with the present level of CR teaching in business school/universities in Sri Lanka on a four point scale. The scale was categorized as 'Fully Satisfied', 'Satisfied to some extent,' 'Not very satisfied,' 'Fully dissatisfied,' and, 'Neither satisfies nor dissatisfied.' According to the results, which are highlighted in Table 63, 40 percent of the respondents are 'Not very satisfied,' with the present level of CR teaching in business school/universities in Sri Lanka, 8 percent are 'Satisfied to some extent,' while 7 percent are neutral. However, the percentage of the respondents who rated 'Fully dissatisfied,' is as small as 4 percent.

**Table 63 – Satisfaction with Current Level of CR Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Satisfied to some extent	08	16.0	20.5	20.5
	Not very satisfied	20	40.0	51.3	71.8
	Fully dissatisfied	04	08.0	10.3	82.1
	Neither satisfies nor dissatisfied	07	14.0	17.9	100.0
	Total	39	78.0	100.0	
Missing	System	11	22.0		
Total		50	100.0		

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the ratings on the extent to which they are satisfied with they are satisfied with the present level of CR teaching in business school/universities in Sri Lanka are statistically significant. The test results shows that the differences among the ratings are statistically significant (Kolmogorov-Smirnov  $Z = 1.998$ ,  $\alpha = 0.001$ ). Therefore, it can be concluded that the respondents' evaluation on the present level of CR teaching in business school/universities in Sri Lanka is unfavourable.

### Company Involvement in CR Education

Respondents were asked to indicate whether their companies have been involved in promoting or supporting CR education in business schools in the last three years. Table 64, which reports the responses, discloses that a large number of respondents (74%) have not been involved in promoting or supporting CR education in business schools in the last three years while only a small number (12%) have been involved.

**Table 64- Company Involvement in CR Education**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	06	12.0	13.0	13.0
	No	37	74.0	80.4	93.5
	No Answer	03	06.0	06.5	100.0
	Total	46	92.0	100.0	
Missing	System	04	08.0		
Total		50	100.0		

‘Chi Square’ Test was performed to examine whether the differences between the responses are statistically significant. The test statistics (‘Chi Square’ value = 46.247,  $\alpha = 0.000$ ) clearly indicate that the differences are statistically significant. This information reflects that most of the business firms have not been involved in promoting or supporting CR education in business schools in the last three years.

### Involvement in CSR Forum

The respondents were asked to specify whether their companies are involved in any network or is member of any key international/national forum pertaining to corporate responsibility/sustainability.

**Table 65 - Involvement in CSR Forum**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	20.0	22.7	22.7
	No	34	68.0	77.3	100.0
	Total	44	88.0	100.0	
Missing	System	06	12.0		
Total		50	100.0		

The answers, which are given in Table 65, 68 percent of the respondents are not involved in any network or are not members of key international/national forum pertaining to corporate responsibility/sustainability while 20 percent of the respondents are involved in networks/ are members of key international/national forum pertaining to corporate responsibility/sustainability.

The results of the ‘Chi Square’ Test, which was performed to examine whether the differences between the responses are statistically significant, clearly indicate that the differences are statistically significant (Test statistics: ‘Chi Square’ value = 37.286,  $\alpha = 0.000$ ). This information reflects that most of the business firms have not been involved in any network or are not members of key international/national forum pertaining to corporate responsibility/sustainability

### **CSR Awards**

Table 66 sheds the light on the frequencies of the companies who have/not received recognition/awards in the last three years in the area of CSR. According to the table, 11 companies have received recognition/awards in the last three years in the area of CSR while 30 have not.

**Table 66 – Companies Received CSR Awards**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	22.0	26.8	26.2
	No	30	60.0	73.2	100.0
	Total	41	82.0	100.0	
Missing	System	09	18.0		
Total		50	100.0		

Out of the 11 companies who have received recognition/awards in the last three years, six companies have been conferred national level awards, one company has been presented international level awards, and 4 companies have been awarded both (see Table 67).

**Table 67 - Classification of Awards**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	National	06	12.0	54.5	54.5
	International	01	02.0	09.1	63.6
	Both	04	08.0	36.4	100.0
	Total	11	22.0	100.0	
Missing	System	39	78.0		
Total		50	100.0		

### Case Studies on CSR

Responded were asked to specify whether their companies' CR case studies were published last year. The results, which are highlighted in Table 68, disclose that the CR case studies of five companies have been published, while the rest of the responded companies have not published any.

**Table 68 - Case study Published Companies**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	05	10.0	15.6	15.2
	No	27	54.0	84.4	100.0
	Total	32	64.0	100.0	
Missing	System	18	36.0		
Total		50	100.0		

## 2.10 Sector Specific Information

### Most Important CR Issues Face by Each Industry

Exhibit 11 brings the commonly cited most important CR issues face by each industry to lights. It clearly shows that most important CR issues are more or less unique to each of the industries.

### Exhibit 11 – Commonly Stated Most Important CR Issues Facing Industries

Industry	Top Three CR Issues
Power	Managing NGOs, Managing local politicians, Managing community stakeholders , Lack of government inputs, public awareness
Tea	Retaining trainees, Training and development of workers, unemployment Lack of commitment from employees and management, No proper wages for labors, housing facilities for labors, More Man power regulations, Lack of quality standards
Insurance	Environmental pollution, Lack of awareness Lack of Credibility, Lack of Education on CR, Lack of awareness, Lack of environmental pollution insurance policies, Lack of motor insurance on emission levels
Manufacturing	Disposal of chemicals, water pollution Industrial waste management, Lack of financial resources, Lack of financial resources, Environmental issues
Banking	Corporate governance, transparency, raising public awareness Investor relationships, community relationships , HR relationships Educated work force, Lack of good governance
Garments	Labor and social impact, carbon energy, waste disposal and management Educated work force, health
Mining and processing	National level disasters
Auto	Child labor employment, Environmental pollution by rubber related products
Agriculture	No active participation in educating on CSR

Table 69 sheds the light on the perceived evaluation of the respondents on the extent to which the companies' policies and plans address the key issues the companies mentioned. The response

categories were ‘*To a large extent,*’ ‘*Substantially,*’ ‘*To some extent,*’ ‘*Very limited,*’ and ‘*None whatsoever.*’ The table reveals that 5 companies address the key issues to a large extent, 7 companies attend to them substantially, and 12 companies deal with them to some extent,’

**Table 69 – Degree of Policies and Plans Addressing Key Issues**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a large extent	05	10.0	15.6	15.6
	Substantially	07	14.0	21.9	37.5
	To some extent	12	24.0	37.5	75.0
	Very limited	07	14.0	21.9	96.9
	None whatsoever	01	02.0	03.1	100.0
	Total	32	64.0	100.0	
Missing	System	18	36.0		
Total		50	100.0		

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the perceived evaluation of the respondents on the extent to which the companies’ policies and plans address the key issues are statistically significant. The test statistics (Kolmogorov-Smirnov  $Z = 1.226$ ) indicates that the differences are statistically significant at  $\alpha$  value of 0.099. Therefore, it can be concluded that the policies and plans of the most of the companies address the key issues, at least, to some extent.

### **Collectively Address of CR Issues**

The respondents were inquired whether they think there is a role for collective sector efforts to address the sector specific CR issues. The answers are presented in Table 70. The table discloses that 46 percent of the respondents emphasize the need of a role for collective sector efforts to address the sector specific CR issues while 16 percent do not think. Non response rate is 38 percent.

Chi Square test was performed to examine whether the differences among the responses are statistically significant. The test statistics (Chi Square value = 7.258) indicates that the differences are statistically significant at  $\alpha$  value of 0.007. Therefore, it can be concluded that most of the companies think there is a role for collective sector efforts to address the sector specific CR issues.

**Table 70 - Collective Efforts to Deal with Sector Specific CR Issues**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	23	46.0	74.2	74.2
	No	08	16.0	25.8	100.0
	Total	31	62.0	100.0	
Missing	System	19	38.0		
Total		50	100.0		

Exhibit 12 brings the commonly cited CR issues that could be best addressed as a sector to lights. It clearly shows that the CR issues each industry concentrate on are more or less different from each other.

**Exhibit 12 – Commonly Cited Collectively Addressed Issue**

Industry	Issue
Auto/Power	Environmental pollution
Manufacturing	Recycle non bio degradable things, Reduce unemployment by Contributing to national income
Banking	Corporate governance, transparency, raising public awareness Collective treaty among members, unregulated financial campaigns Pollution by anti green lending, governance Road accidents and emissions released by vehicles
Tea	Housing and unemployment, Proper planning, Resource allocation, Labor related issues
Garments	Lack of quality standards of projects

The respondents were also asked to mention any CR Sector Initiatives in which they have Participated in the last three years. The commonly cited initiatives are listed in Exhibit 13.

**Exhibit 13 – Commonly Stated CR Sector Initiatives Participated**

Employee welfare
Vehicle emission testing, infrastructure facilities
To pledge solidity to crush child pornography on internet
Prevention of child abuse, parental awareness programs, construction of child friendly pre schools
Improving the facilities for employees and develop Ladies’ hospitals
Provide stationary facilities to schools, programs on improving quality of the service in ‘Kalubowila’ hospital
Education and skill development programs for employees
Sanitation and drinking water projects, school development projects, blood donation
Support for employees’ house building and ‘Samurdhi’ beneficiaries to build their houses.

**Sectoral Benchmarking for CSR**

The respondents were inquired whether there is any sectoral benchmarking with regard to CR. Table 71 reports the answers. According to the table, 58 percent of the respondents state that no any sectoral benchmarking exists with regard to CR, though 6 percent say ‘yes.’

**Table 71 - Existence of Sectoral Benchmarking on CR**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	03	06.0	09.4	09.4
	No	29	58.0	90.6	100.0
	Total	32	64.0	100.0	
Missing	System	18	36.0		
Total		50	100.0		

The respondents were also inquired whether their companies benchmark within their sector on CR issues. The responses are highlighted in Table 72. According to the table, 20 percent of the respondents state that their companies benchmark within their sector on CR issues while 20 percent say ‘no’. The non-response rate, which is as high as 56 percent, is noteworthy.

**Table 72 - Companies Benchmarking within Their Sector on CR Issues**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	20.0	45.5	45.5
	No	12	24.0	54.5	100.0
	Total	22	44.0	100.0	
Missing	System	28	56.0		
Total		50	100.0		

**Belief on Leadership Role for Incorporating Responsible Business Practices**

The respondents were inquired whether they believe that large companies have a leadership role to play within the sector with respect to incorporating responsible business practices. The frequencies of the answers are given in Table 73. According to the table, 20 respondents emphasize that large companies have a leadership role to play within the sector with respect to incorporating responsible business practice while only one respondent does not believe it. However, the non-response rate is as high as 58 percent.

**Table 73 - Leadership Role for Incorporating Responsible Business Practices**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	40.0	95.2	95.2
	No	01	02.0	04.8	100.0
	Total	21	42.0	100.0	
Missing	System	29	58.0		
Total		50	100.0		

Chi Square test was performed to examine whether the differences among the responses are statistically significant. The results (Chi Square value = 17.190,  $\alpha = 0.007$ ) which indicate that the differences are statistically significant reflect that most of the companies believe that large companies have a leadership role to play within the sector with respect to incorporating responsible business practices.

Table 74 sheds the light on the responses given for the inquiry on whether the respondents believe that their companies have a leadership role to play within the sector with respect to incorporating responsible business practices. According to the table, 26 respondents believe that their companies have a leadership role to play within the sector with respect to incorporating responsible business practice while 8 respondents do not believe it. However, the non-response rate is 32 percent.

**Table 74 - Respondents' Belief that Their Companies have Leadership Roles to Play within Sector**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	26	52.0	76.5	76.5
	No	08	16.0	23.5	100.0
	Total	34	68.0	100.0	
Missing	System	16	32.0		
Total		50	100.0		

The results of the Chi Square test (Chi Square value = 9.59,  $\alpha = 0.002$ ) which was performed to examine whether the differences among the responses are statistically significant discloses that which indicate that the differences are statistically significant reflect that most of the companies believe that their companies have a leadership role to play within the sector with respect to incorporating responsible business practices.

### **Belief of International Multinational Companies (MNCs)**

Table 75 brings the responses to the inquiry on whether the respondents believe that their companies as MNCs have a leadership role to play to push the CR agenda in Sri Lanka and act as a role model to lights. According to the table, 85.7 percent of the respondents believe that their companies have a leadership role to play to push the CR agenda in their country and act as a role model while 14 percent of the respondents do not believe it.

**Table 75 - Belief of International Multinational Companies on Leadership Role**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	06	12.0	85.7	85.7
	No	01	02.0	14.3	100.0
	Total	07	14.0	100.0	
Missing	System	43	86.0		
Total		50	100.0		

## 2.11 Respondents Feedback

### Perceived Evaluation on the Survey

Table 76 sheds the light on the respondents' perceived evaluation on the survey. The respondents evaluated the survey on four parameters (i.e. Length, Relevance, Sequence, and Coverage of Issues) by employing a five category scale. The scale categories are 'Poor,' 'Bad,' 'Satisfactory,' 'Good,' and 'Excellent.' According to the table, 34 percent of the respondents rated 'Bad' on the 'Length,' while 26 percent rated 'Satisfactory.' However, 20 percent rated 'Good,' and 8 percent claim 'Poor,' on the 'Length,' of the survey.

And, the table also discloses that an equal percentage of the respondents (40 percent) indicate the 'Relevance' of the survey is 'Good' or 'Satisfactory' while only a 6 percent of the sample rates the 'Relevance' of the survey is 'Excellent'. However, the percentage of the respondents claiming the 'Relevance' of the survey is 'Bad' is as small as 2 percent. In the same context, Furthermore, the perceived evaluation on the 'Sequencing' of the survey is rated as 'Satisfactory' by 46 percent, 'Good' by 36 percent, 'Excellent' by 4 percent and 'Bad' by 2 percent.

The 'Coverage of Issues' of the survey is evaluated as 'Satisfactory' by 48 percent, 'Good' by 38 percent and 'Excellent' by 2 percent. None of respondents claim that the 'Coverage of Issues' of the survey is 'Bad.'

**Table 76 - Feedback of Respondents on Survey**

Rating	Length	Relevance	Sequencing	Coverage of Issues
Poor	04 (08)	-	-	-
Bad	17 (34)	01 (02)	01 (02)	-
Satisfactory	13 (26)	20 (40)	23 (46)	24 (48)
Good	10 (20)	20 (40)	18 (36)	19 (38)
Excellent	-	03 (06)	02 (04)	01 (02)
Missing	06 (12)	06 (12)	06 (12)	06 (12)

(Percentages are in the parentheses)

Kolmogorov – Smirnov one sample test was performed to examine whether the differences among the ratings on the each of the parameters are statistically significant. The test results shows that the differences among the ratings are statistically significant (Length: Kolmogorov-Smirnov  $Z = 1.565$ ,  $\alpha = 0.05$ ; Relevance: Kolmogorov-Smirnov  $Z = 1.872$ ,  $\alpha = 0.002$ ; Sequence: Kolmogorov-Smirnov  $Z = 2.134$ ,  $\alpha = 0.00$ , and Coverage of Issues: Kolmogorov-Smirnov  $Z = 2.2341$ ,  $\alpha = 0.000$ ).

### **Quote on why Business should Behave Socially Responsible**

Respondents were requested a quote from them as to “why should business behave socially responsible. 17 respondents have given their quote while 6 respondents haven’t (see Table 77). The given quotes are listed in Exhibit 14.

**Table 77 - Quote Given/Not Given**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Quote given	17	34.0	73.9	73.9
	Quote not given	06	12.0	26.1	100.0
	Total	23	46.0	100.0	
Missing	System	27	54.0		
Total		50	100.0		

### **Exhibit 14 – Quote on why Business should Behave Socially Responsible**

Quote
Its important for organizations to act as good corporate citizens.
Protect nature , it'll protect you
Organizations should socially responsible to sustain through development of the environment
It is a good business sense as it is the right thing to do
Its for the future well being of all stakeholders
To behave ethically and be ethically
Give something back to the society
Business is a part of the society and it's a main thing to serve the society
Acting socially responsible may lead to shareholder wealth
Its for the future sustainability
Who you are and what you stand for is as important as what you sell
Enhance the value and perception of the organization
Company should allocate at least a small percentage of the turnover

It's a way to respect the society
It's a responsibility of the organization
It is important to be a responsible corporate in the beginning than being exceptional later when it is imposed by law.
We need to have a good environment to operate.

### **Chapter Three- Conclusion**

The major objectives of this study are (a) to assess the degree to which the firms in Sri Lanka have been acting as a good corporate citizen; (b) to assess the degree to which the firms in Sri Lanka act to mitigate existing or anticipated adverse effect from business activities; (c) to examine whether firms in Sri Lanka have been pioneering in innovation to benefit both the society and the company; and (d) to investigate whether the companies have advanced SR by investing social aspects of context that improve shared values of the society and the business firms.

Good corporate citizen involves attuning to the evolving social concern of stakeholders through economic, legal, ethical, and discretionary CSR. The business firm as the basic economic unit in the society, which has a responsibility to produce goods & services for the society and sell at a profit, should perform its functions effectively and efficiently. In this sense, the study discloses that the firms in Sri Lanka perform economic CSR to a satisfactory level. They continuously improve the quality of their product, use customer satisfaction as an indicator of their business performance, strive to lower their operating cost and earning profit, and closely monitor employee productivity.

Though the society has allowed the economic system, it has laid down the laws and regulations under which the business units expect to operate. Society expects business to fulfill its economic mission within the framework of legal requirements. Some questions of the section 'C' of the questionnaire used for this study address the legal aspects of the CSR. The study discloses that 50 percent of the companies have policies or policy elements covering the labour/employee and the 'health and safety' related issues. However, policy elements covering other aspects of labour/employee such as 'Child labor', 'Bonded Labor', Freedom of Associations, 'Diversity,' 'Equal opportunity', 'Sexual Harassment,' 'Compensation for overtime' and 'Disability, have been given very little attention. The study also discloses that more than 50 percent of the sample claim that they adopt the policy elements covering the issues related to 'Governance' ('Corporate

Governance,’ ‘Transparency,’ and ‘Bribery and Corruption’). Moreover, they are informed about relevant environmental and other laws, and their products meet legal standards.

Although economic & legal responsibilities represent ethical norms, there are additional behaviors that are not necessarily codified into law but expected by the society from the business. It requires that businesses abide by the moral rules defining appropriate behavior in society. Some questions of the section ‘C’ of the questionnaire used for the study address the ethical aspects of the CSR also. Some of the issues relating to ‘Social Impact’ (e.g. ‘Income Generation / Micro Finance,’ ‘Disability,’ and ‘Resettlement & Rehabilitation’) are concerned with ‘Ethical Responsibilities.’ However, less than 50 percent of the respondents have paid attention on formulating policies in this respect.

Even though most of the respondents don’t know about the global instruments/standards/norms in the area of corporate responsibility, some of the respondents follow the most of the global instruments, norms or codes related to Corporate and Sectoral initiatives, Civil Regulations, Multilateral Regulations, and National Codes.

Discretionary Responsibilities are the responsibilities about which society has no clear-cut message for business, are left to individual judgment and choice, and are voluntary not mandated or required by law. They are equivalent to philanthropic responsibilities and reflect society’s desire to see businesses get actively involved in the betterment of society. Some questions of the section ‘C’ and the section ‘F’ of the questionnaire used for the study address the discretionary aspects of the CSR. Addressing the issues related to ‘Environment’ (e.g. ‘Recycling,’ ‘Climate Change strategy,’ ‘Renewable Energy/Energy efficiency,’ ‘Emissions’) is concerned with discretionary responsibilities. (The study shows that the policy elements covering the issues related to ‘Environment’ has been paid a little attention by the respondents.

The study discloses the activities in which the respective companies invest with regard to community development. Most of the companies involve in ‘National Initiatives’ while no organization involves in ‘International Initiatives.’ Considerable number of companies involves in ‘City / Villages of Business Operations,’ also. However, the number of companies involves in Neighboring Cities/Villages of Business Operations is relatively low. Most of the companies have separate development programmes for both the (a) communities that have business impact and (b) communities that have no business impact. Some of the businesses have separate development programs for communities that have no business impact, while some others have

separate programs for communities that have business impact. The study also discloses that the majority of the sample supports the weaker section through their community development. Furthermore, the community development targets of the majority of the sample are both rural and urban Communities. The key groups at whom the majority of the sample target their community development programmes are children, youth, and people affected by natural disasters. Moreover, the key area/issues which the companies support through community development are Health ('Health Infrastructure,' 'Health Education,'), Education ('Primary Education,' 'Higher Education,' and 'Scholarships,') Natural Resource Management ( 'Anti pollution, and 'Environmental Education/Awareness'), Infrastructure Development ('Community Centers' and 'Other buildings' ), Livelihood – Farm Based Activities (Agriculture), and Livelihood - Non-farm related activities (Employing disadvantaged/marginalized). The main ways in which they invest in the community are 'Donation of products or services,' 'Cash Donations,' 'Employment / Internship of disadvantaged / marginalized,' and 'Employee volunteering.' And, most of the respondents have engaged in business – community partnerships to achieve the community developments goals.

As far as CSR education is concerned, the number of companies, which have been involved in promoting or supporting CR education in business schools in the last three years, is very small. The number of companies, which are involved in any network or is member of any key international/national forum pertaining to corporate responsibility/sustainability, is also very small. This reflects that the companies are not much interested in CSR education

Assessing the degree to which the firms in Sri Lanka act to mitigate existing or anticipated adverse effect from business activities to the society is the second objective of this study. Because there are a myriad of possible value chain impacts for the society, the businesses should take actions to mitigate existing or anticipated adverse effect from business activities to the society. Some questions of the section 'D' 'F' and 'G' of the questionnaire used for this study are directed to assess the degree to which the firms in Sri Lanka act to mitigate existing or anticipated adverse effect from business activities to the society. The study discloses that relatively larger percentage of the respondents take the current and future business impact on the communities into account to a certain degree. Similarly, the adoption of policy elements covering the issues related to 'Supply Chain' –'Supplier Code,' 'Product responsibility,' and

‘Greening of supply chain,’- is also claimed by a small percentage of the sample. It clearly indicates that the respondents still analyze their organization by taking their hierarchical organization as a unit of analysis and they fail to view and work towards dissemination of social values within a wider value network. Value occurs not in chains but in complex constellations. The value results from value creating system within which different economic actors (suppliers, business partners allies, customers) work together to co-produce value.

Third objective of the study is to examine whether firms in Sri Lanka have been pioneering in innovation to benefit both the society and the company. The study discloses that this aspect is very poor in the companies in Sri Lanka.

Fourth objective of the study is to investigate whether the companies have advanced SR by investing social aspects of context that improve shared values of the society and the business firms. According to the data gathered and the interviews held, it was clear that most of the companies have not advanced SR by investing social aspects of context that improve shared values of the society and the business firms.

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