



**SCHOOL OF ECONOMICS
AND MANAGEMENT**

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**CORPORATE SOCIAL RESPONSIBILITY (CSR) AS A TOOL
FOR VALUE CREATION; A STUDY OF NESTLE PAKISTAN**

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ABSTRACT

Title

Corporate Social Responsibility (CSR) as a tool for Value Creation; A study of Nestle Pakistan

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Thesis Purpose

Our objective is to describe and analyze the concept of Corporate Social Responsibility (CSR) and CSR dynamics in developing countries like Pakistan, with a focus on the role of Multinational Companies (MNC's). We aim to provide an illustration for CSR initiatives taken by a multinational firm Nestle, in Pakistan, to understand the perceptions of the stakeholders concerning CSR and see how CSR can help Nestle create value for itself in terms of brand reputation and from stakeholder's perspectives.

Methodology

To achieve our research goal we adopted an inductive theoretical approach; as our qualitative study is based on explorative research.

Theoretical Perspectives

Our research is primarily based on the theories concerning the Corporate Social Responsibility, stakeholder's theories, brand building and value creation approaches.

Empirical Data

For our empirical data we primarily conducted interviews with different stakeholder i.e., employees, shareholders, suppliers and also conducted a market survey with the consumers to find the stakeholders perceptions.

Conclusion

Our research shows that CSR in developing countries is still at an early age in comparison to the developed economies, based on the findings that developing countries CSR attitude is more philanthropic whereas the CSR agenda's for developed nations is integrated into the business operations. CSR initiatives add value to the business like Nestle, and give it a competitive edge over the competitors. Therefore, the process of value creation by the businesses through CSR will attract other firms in the developing nations to adopt a comprehensive approach towards CSR and achieve the competitive edge.

TABLE OF CONTENT

CHAPTER 1: INTRODUCTION	1
1.1 Problem Discussion	1
1.1.1 Research Topic Motivation	1
1.1.2 Corporate Social Responsibility (CSR)	3
1.1.3 Corporate Social Responsibility (CSR) and Stakeholders	8
1.1.4 Corporate Social Responsibility (CSR) and Corporate Governance	13
1.1.5 Research Problem	14
1.1.6 Process of achieving Research Objectives	16
1.2 Research Objectives	17
1.3 Purpose of Research	17
1.4 Limitations	17
CHAPTER 2: METHODOLOGY	19
2.1 Primary and Secondary Data Collection	19
2.1.1 Qualitative Research Approach	20
2.1.2 Interviews	20
2.1.3 Sampling for Consumer Survey	24
2.1.4 Case of Nestle Pakistan	26
CHAPTER 3: REVIEW OF LITERATURE	27
3.1 Importance of Corporate Social Responsibility (CSR)	27
3.2 Arguments against Corporate Social Responsibility (CSR)	29
3.3 Arguments in favor of Corporate Social Responsibility (CSR)	31
3.4 The Value Linking Chain	32
3.5 Carroll's Pyramid of Corporate Social Responsibility (CSR)	33
3.6 Heskett Service Chain Model	34
3.7 Model by Porter and Kramer	36
3.8 Consumers and Stakeholders Perceptions	36

CHAPTER 4: Corporate Social Responsibility (CSR) in Developing Countries	45
4.1 Corporate Social Responsibility (CSR) in Developing Countries	45
4.2 Corporate Social Responsibility (CSR) in Pakistan	49
CHAPTER 5: Case of Corporate Social Responsibility (CSR) in Nestle Pakistan	51
CHAPTER 6: Analysis	56
6.1 Stakeholders Perceptions about Nestle’s CSR Initiatives	56
6.1.1 Consumers Perception about Nestle’s CSR Initiatives	56
6.1.2 Perceptions of Stakeholders on Nestle’s CSR Initiatives Through Interviews	59
6.1.3 Perceptions of Stakeholders on Nestle’s CSR Initiatives Through Web sources	62
6.1.4 Value Creation For Nestle Pakistan	63
6.2 Comparison of Corporate Social Responsibility (CSR) in Developing Countries, Pakistan and in Nestle Pakistan	64
Chapter 7: Conclusion	66
Bibliography	69
Appendix 1: Questionnaire from Consumers	75

Chapter 1

Introduction

This chapter provides an introduction to the topic, including the problem discussion on the research area and the objectives of the research. It highlights the increasing need for Corporate Social Responsibility (CSR) by corporations towards the society, its impact on the stakeholders and hence, on the value of the corporation.

1.1 Problem Discussion

This section will break down the problem discussion into sub categories to carefully explain its component, which includes the research topic motivation, general concept of what Corporate Social Responsibility (CSR) is, describing CSR and its relationship with stakeholders, determine how CSR relates to Corporate Governance and lastly, the research problem.

1.1.1 Research Topic Motivation

The aftermath of trade liberalization and globalization has translated into the world becoming a Global village, in which the multinationals have led the way towards global economic integration. This phenomenon is described as 'Globalization 2.0' in the book 'The World is flat' by Thomas Friedman (Friedman T. L., 2005). In today's global society there is growing and heightened concern for Corporate Social Responsibility (CSR) primarily because of the growing influence of multinationals over the world economy and the heightened publicity it attracts from the media. The growing influence of media sees any mistakes by companies and is brought immediately to the attention of the public. Furthermore, Internet fuels communication among like-minded consumers and groups empowering them to spread their message, and giving them means to coordinate collective action i.e. boycott a product offering. The growing concern for CSR, coupled with the growing importance of brand and brand value to corporate success produce's a shift in the relationship between corporation and consumer, in particular, and between corporation and all other stakeholder groups in general. The stakeholders associated with the organization get influenced with both the positive and negative news

relating to the company and its operations. Therefore, it is integral for the companies not only to develop and improve their core production processes but also focus on social issues that reflects company's attitude towards its stake holders, and hence, on the value of the company.

From a company's point of view, market parameters within which companies are to operate have been broadened and extended. With springing NGO's and consumer societies, the relationship between consumer and company has changed dramatically (Carroll, 1998). CSR is particularly important within a globalizing world because of the way brands are built, largely on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate operations with stakeholder values and demands at a time when such values and demands are on the move; CSR can therefore be described as the best approach to business (Dirk Matten, 2003). CSR tends to creep and probe deeper into all aspects of operations of a business. Like quality, it is something that you know when you witness it. It is something that businesses today should be genuinely and wholeheartedly committed to. The dangers of ignoring CSR are too dangerous (Miller, 2002), when it is remembered that how important brands are to overall company value and that how difficult it is to build brand strength in this era of heightened competition. What should also be remembered is that how easy it is to lose brand strength and dominance.

Marketing in general is focused towards the process of selling, influencing and persuading the end user to purchase the product, companies feel compelled to serve and satisfy the human needs of their customers (Kotler, 1969) and of other stakeholders (Kotler P. , 1972) both out of obligation and as well to achieve positive consumer rewards. Efforts of a company need not only be dedicated to selling the product but to also compensate the members of the society i.e. the firms stakeholders, for the price they are willing to pay for the product and the intangible cost of being associated with the firm in terms of environment degradation.

Multinationals like Nike and Gap came under heavy criticism (Waheed, 2005) due the violation of labor laws by their suppliers and for having promoted discrimination amongst the workforce. United Nations in light of all this happening decided to deal the problem with a more iron hand and decided to come up with a code of corporate conduct. But this initiative when introduced

initially failed due to lack of support from government organizations and hence as a consequence World development council for sustainable development was formed in 1991, but this too was attacked by critics who said that CSR should be voluntary rather than being mandatory. CSR came secondary to firm's objective of maximizing stock returns and only catering to the wellbeing of the shareholders (Friedman M. , 1970).

One major factor that has boosted the increasing need of CSR Initiatives within the corporate sector can be referred due to the corporate scandals that reduce public trust in corporations. Such scandals also translate into reducing public confidence in the ability of regulatory bodies and organizations to control corporate irresponsible behavior (Clarke, 2007). Stakeholders prefer companies who hold themselves personally liable for social well being and ensure its implementation of CSR initiatives within the company policy. With increasing affluence of CSR policies not only in the corporate sector of the developed nations but also in developing nations, consumers can choose to pick products that they want to buy. A developing economy in need of work and inward investment is less likely to enforce strict regulations and penalize organizations that might take their business and money elsewhere. In such cases, the responsibility lies on the shoulders of the company to implement CSR policies for the betterment for the society and hence, the stake holders.

1.1.2 Corporate Social Responsibility (CSR)

What is CSR? CSR is a broad concept and hence, has a lot of definitions and opinions on the subject. To understand the concept of CSR we will discuss a few definitions and in the end will present our own perceived version of what CSR entails.

The study of Corporate Social Responsibility has been the crux and objective of many researches in the recent decade, and it has gained enormous popularity through media, but there still lies a call to investigate it in markets that are relatively new to the concept and implications of CSR. The concept of CSR has a long history attached to it and it is constantly evolving over time, as companies assign their unique and different perspective to the whole concept of CSR and apply it to respective organizational policies. All companies think independently about CSR, some believe CSR is to ensure proper running of the business without

any financial frauds, some may think CSR is about being environmentally responsible and some may favor the philanthropic approach and consider CSR to increase education and alleviate poverty. The increasing importance attached to the phenomenon of CSR by individual stakeholders, firms, authors and its increasing influence on the competitive market dynamics has motivated us to take up the task of further discussing the topic and applying it to different market dynamics, growing economies and with concerns to different business strategies adopted by the organizations. Therefore, the whole new era of CSR and its increasing importance in the practical world has prone us to discuss the topic in greater detail.

We now analyze how different authors described CSR in their understanding. Sims defines CSR as:

“The continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large (Sims, 2003)”

William C. Fredrick also a significant writer of his time described CSR being:

“[Social responsibilities] mean that businessmen should oversee the operation of an economic system that fulfills the expectations of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms (Frederick, 1960).”

The first documented evidence for CSR can be seen in the articles dated back to the 1950’s. the decade of 1960’s marked a significant growth in attempts to properly document and formalize what CSR means. One of the most prominent writers of that period was Keith Davis, writing a lot about the topic in his journals and books. David set forth his definition for CSR in his article (Davis, 1960) as:

“Businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”

The definition of CSR has evolved with time, the definitions mentioned above are for the 1960’s and then few prominent writers like Clarence C. Walton (Walton, 1967), a foremost thinker on this subject came up with his version of the CSR definition. He described CSR in his book, ‘Corporate social Responsibilities’, as:

“In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals (Walton, 1967)”.

The concept grew in the 1970’s with authors like Johnson in his articles changed the definitions for CSR. At first it was only the business and the business man being incorporated but with the start of the 1970 it the society being considered as well, here the society includes all the stake holders being suppliers, shareholders, employees and the society as a whole. He explained CSR as:

“In this approach, social responsibility in business is the pursuit of socioeconomic goals through the elaboration of social norms in prescribed business roles; or, to put it more simply, business takes place within a socio-cultural system that outlines through norms and business roles particular ways of responding to particular situations and sets out in some detail the prescribed ways of conducting business affairs (Johnson, 1971)”.

Johnson (1971) presented a second view stating that companies present CSR only to maximize their profits, perceiving CSR as long run profit maximization tool.

Johnson (1971) presented a third view calling it ‘Utility Maximization’ in this he explained that a firm pursues more goals rather than only profit maximization and he then postulated the following definition:

“A socially responsible entrepreneur or manager is one who has a utility function of the second type, such that he is interested not only in his own well-being but also in that of the other members of the enterprise and that of his fellow citizens”

Finally Johnson came up with a fourth view stating once the companies achieve their profits they would engage themselves in a socially responsible manner showing it as an important goal but which is not the case. There were a lot of definitions of CSR in the 1970's then came the 80's with fewer definitions but a lot of research and alternative themes.

The definitions in the 1970's started to proliferate but at the same time became more specific. Major evolution of the concept took place when there was realization of the damage that was caused by businesses to the environment. Businesses are required to clean up the mess and the production waste that they have caused to the environment. Until 1980's CSR was considered same as corporate philanthropy. The major concept of the term corporate social responsibility became visible in the 1980's era (Carroll, 1999). In the 1980's we can say that there were few original definitions but more research and attempts to conduct CSR. It was in the 1990 that the concept transitioned significantly towards the stakeholder's theory and business ethics theory. Writers did not reject the old definitions but there were no new definitions added to the body of literature. Carroll stating CSR to be:

“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. To be sure, all of these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken a significant place (Carroll, 1999)”

Despite of the fact that demand for CSR is growing, critics have always been there to this phenomenon. The most popular one being Milton Friedman, a nobel laureate who claims that the sole responsibility of businesses is wealth creation and maximizing the returns to shareholders (Friedman, 1970). But many are opposed to his work claiming that companies

need to satisfy not only the stockholders but also other stakeholders who have less claims (McGuire, 1988). The stakeholder theory is further emphasized on the opinion that business and ethics cannot be separated and demands of all stakeholders need to be balanced.

A new phenomenon of 'Corporate Citizenship' (CC) has been highlighted by Matten and Jeurissen. According to the notion of CC, organizations become a part of the society as a normal citizen which carries the rights and the responsibilities like a normal citizen of the society. All the actions of organizations, by this we mean the operations of the firm, will be monitored and the firm will be liable for its own actions (Dirk Matten, 2003). These actions affect everyone in the community, which primarily points at the stakeholders of the company, and how they are affected by its workings. However, Jeurissen on the other hand, provides a more formal version of CC. He argues that the firms should take up the institutional responsibility being a member of the community and under such responsibility take precautionary measures for its actions. He goes on say that firms should establish the social contract of business, meaning that it is held responsible for the financial health of company along with the social commitments towards the stakeholders of the company (Jeurissen, 2004).

The major factor that has accounted for CSR gaining momentum is the increasing influence of multinationals over the world economy. In a globalized and open world there is a growing need for clean brands and corporate identities. He claims that after waves of production oriented and latter service oriented perspectives on businesses, a third wave of sustainability and triple bottom line thinking is emerging (Johnson, 2009). It is further accentuated that the triple bottom line tries to encapsulate three spheres of sustainability, the economic, the social and the environmental (Elkington, 1999).

After going through the earlier concepts of CSR and realizing its importance in today's world, we conceive that Corporate Social Responsibility (CSR) is a process in which businesses align their social responsibility policies and values with its operations, and meet the expectations of the internal and external stakeholders. The commitments that a company shows towards its stakeholders are both in terms of monetary and non monetary aspects. Monetary shows the financial returns i.e. returns on market stocks where as by non monetary returns we mean good

working conditions for the employees or healthy working relationships with the suppliers. We believe CSR is not only about being a good corporate citizen but to also have a competitive advantage in the line of business. Aligning the CSR initiatives within the firms operations will allow the businesses to not only be socially responsible but also competitive in the market based on their effective cost cuttings etc. Therefore, our research focuses on this fact that how does CSR create value for the firms, and there could be many factors that can play an important role in achieving this goal (CSR Pakistan, 2010).

- Improve access to capital
- Better brand image
- Reduction in costs
- A Motivated workforce at all levels of the business

1.1.3 Corporate Social Responsibility (CSR) and Stakeholders

Corporate Social Responsibility (CSR) within an organization has a great impact on the stakeholder: customers, suppliers, employees and shareholders. The importance of CSR impact on the stakeholders makes a significant impact on the value of the firm. Stakeholders have been identified or defined as any group or individuals who can or are affected by any change in the policy or achievement of the objective of an organization. The stakeholder theory views the organization at the centre of a network of relationships with various stakeholders (Solomon, 2010). We have identified four major stakeholders for our research which are illustrated in a diagram 1 and are described below as well.

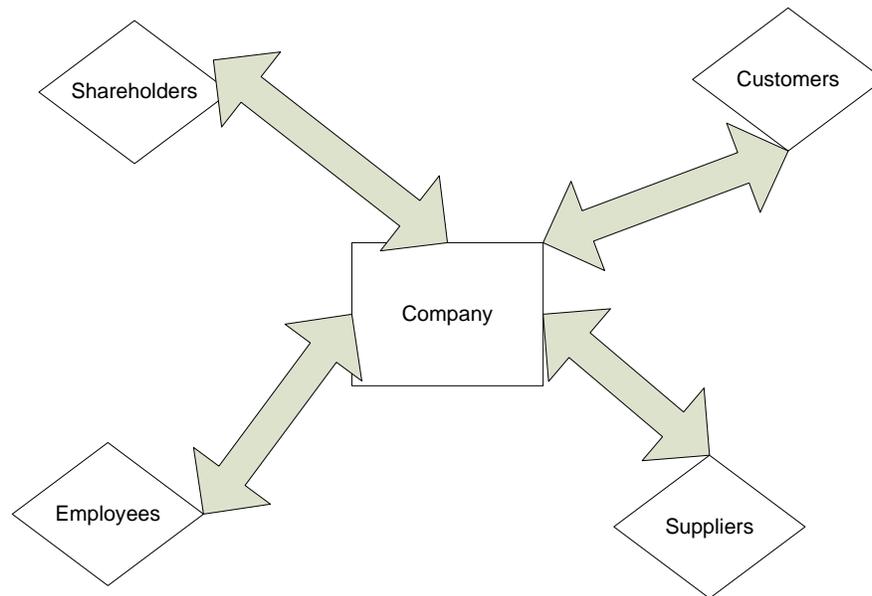


Diagram 1: Stakeholders

Stakeholder theory

For more than a decade in order for the firms to understand the term 'stakeholders' has proven to be a difficult task. The stakeholder approach has proven to be a powerful heuristic device intended to broaden the management's vision of its roles and responsibilities beyond the goal of profit maximization functions in order for them to include the interests and claims of the non stockholding holding groups (Mitchell, 1997). Stakeholder's theory on the other hand tries to answer the question: which groups are the stakeholders who require the attention of the company's management. In order for us to understand different stakeholders we need to understand what a stakeholder is.

What is a stakeholder and what is a stake?

A stakeholder can be any person, group, organization, environment or even a neighborhood can qualify for potential or actual stakeholders. The next question is: What is a stake? And it can be argued upon; several researchers have several different definitions. A stake could be defined

as a legal, moral or presumed claim on the firm and could alternate the firm's behavior, direction, process or outcomes (Mitchell, 1997). We can conclude that stakeholders are those groups or persons with legitimate interests in procedural and/or substantive aspects of corporate activity (Donaldson & Preston, 1995, 85). We have identified four major stakeholders for our research:

Customers, being one of the most important stakeholders play a key role in the company; as they are the revenue generating source. Companies focus a lot to make their customers happy by giving them low prices and better quality products. The ever changing conditions of the world and the amount of information available to the present customers have changed the market dynamics drastically. The customers of the modern world are more aware and they put a lot of focus on the activities and production techniques the company undertakes. Most of the customers are average people with basic daily needs, so the target market for consumer goods companies is huge. In developing countries where CSR is relatively a new term CSR initiatives taken up by the companies leave a mark on the hearts and minds of customers. Marketing and social campaigns put a lot of focus on the CSR activities in recent time, our focus would be to assess whether it has affected the customers in a positive manner and hence created value for them. We believe that consumers hold all three attributes of making an impact on the firm, through: Legitimacy, Urgency and Power (Mitchell, 1997). We say that because consumers have the Power to stop purchasing the products anytime they find something wrong with the product, they can also influence the purchasing pattern of other customers through social contacts and they also carry the legitimacy to protest against the company's policies which do not cater to CSR needs of the consumers.

Satisfied customers create brand value for the firm through their loyalty towards the firm. Firms are able to attract such loyalty by keeping up the quality of the product and offering a variety of products. By offering quality products, firms create a positive brand reputation for themselves in the eyes of the consumers, which distinguish the company from its competition. Further to add more value to the brand image firms are able to attract attention by adopting CSR initiatives within their operations. For example, for a cosmetic company completely banning

animals testing or a food company like whole foods (Case, 2010) promoting organic lifestyle, attract consumers and hence, a brand image for themselves in the market (Davis, 1973).

Suppliers are the individuals, companies or organizations who supply raw material for the firms. Multinational companies who need to ensure the highest quality standards need to have strong and well informed, well trained and financially capable suppliers. Companies put in a lot of effort to have healthy and everlasting relationships with its suppliers. It ensures the best business practices and makes sure the suppliers are well trained and well informed. It varies from company to company whether the suppliers are demanding, dangerous, definitive or dependent stakeholders. Usually working with multinational suppliers need to be trained properly and need to have a very good infrastructure. Companies at time can get very demanding and suppliers need to meet the demands at short notice. According to Mitchell, suppliers have the urgency and legitimacy to take actions against the firm for is non cooperative attitude or not meeting the CSR requirements for maintaining the business relationship (Mitchell, 1997).

Suppliers are an important part of firms supply chain as they provide the raw materials for the firm. Firms with effective CSR initiatives in the shape of maintaining good supplier relationship, sharing production techniques with supplier and educating them about better quality of production, enhancing the image of the firm in the eyes of suppliers. Such attitude by the firms assist the suppliers learn more about the business and hence, establish loyal working relations with the suppliers. Consequently, good supplier relationships help the firm acquire a constant supply of quality raw material, giving it the edge over its competition and maintaining competitive advantage in the market. This competitive advantage is the additional value that CSR initiatives create for the firm (Davis, 1973).

Employees, both current and prospective, are an integral part of the companies' policies and their CSR approach. Employees are valuable assets for a company and a highly motivated workforce is beneficial for the company as it's more productive and efficient. Multinational companies working in developing countries makes sure that all the employees working in the company get proper working benefits, proper medical and health facilities, good working

environment and good future growth prospects. All these factors make Multinationals the first choice in developing nation for young and experienced professionals. Multinational companies with their global practices and ethical business approach makes a favorable environment for its employees, creating value for both themselves and their stakeholders. Following a strict international code of conduct multinationals ensure world class standards. Employees being an internal stakeholder of the firm also exercise the attribute of Power by going on strikes, of legitimately voicing their opinion and the ability to take urgent actions against the wrong doings of the company towards the employees (Mitchell, 1997).

Employees are the productive workforce for the company. By giving them proper working conditions, rewards for achievements and proper motivation, firms enhance the productivity of employees and achieve better results. Similarly, firms adopting CSR initiatives as part of its operations motivates the workforce as they feel proud to be associated with the organization which is responsible for its actions. Such an image also attracts prospective employees who want to work for firm that care about the society and its members and wants to be a part of it. Therefore, firms able to attract new enthusiastic employees and motivating current employees by seriously taking up the CSR attitude enhance productivity for the firm (Davis, 1973).

Shareholders play an important role in affecting the policy making of a company; as they value the implementation of responsible corporate governance principles in the shape of:

- Proper rights of shareholders
- Equality towards shareholders
- Board of Directors duties
- Disclosure and transparency in financial statements

Shareholders aim at maximizing their returns on their investments, so an intelligent investor will invest in the firm which has a good public image, sound business policies and of course offers protection for the investment. Firms that incorporate CSR within their business policies makes its operations more sound and hence, attract investments for shareholders (Davis, 1973).

This enables the companies and its stakeholders to benefit both in terms of better financial results and better corporate governance and management. Shareholders again because of being the practical owners of the company exercise their rights of Power, Legitimacy and Urgency if they do not get the desired return on their investments (Mitchell, 1997).

1.1.4 Corporate Social Responsibility (CSR) and Corporate Governance

‘Corporate Governance’ has become one of the most integral terminologies in global business, with respect to its relevance in economic crisis, organizational management and stakeholders concerns. Corporate Governance as a discipline falls along a broad spectrum with different relevance to policy makers and researchers. But it has developed over the years from just being responsible for shareholders accountability to stakeholders concerns. It is believed that *‘The role of corporate governance is to protect the and advance the interests of shareholders through setting the strategic direction of a company and appointing and monitoring capable management to achieve this’* (Review, 2010). This shows that it is of opinion that corporate governance is a system to secure the interests of the investors only, which is not the case. As on a boarder spectrum we believe that *‘Corporate governance is a system of checks and balances, both internal and external to companies, which ensure the companies discharge their accountability to all their stakeholders and act in socially responsible way in all areas of their business activity’* (Solomon, 2010).

Corporate social responsibility again is not the firms concern towards the environment and the helping out the deprived social class, CSR is more than just participating in the social causes and is about integrating CSR initiatives into the business in operational terms. Corporate Social responsibility is about taking care of the stakeholders both inside and outside the organization. By internal stakeholders we refer to employees and management and by external we mean suppliers and the environment. Therefore, CSR is about doing business in such a way that the firm operationalize its CSR initiatives for the betterment of all the stakeholders.

Consequently, we see there is direct relationship between the CSR policies of the firm and its corporate governance system. CSR should be an important corporate governance agenda, in which the directors should not only pay attention to the stock returns but also stress

importance on the firm's policies towards the stakeholders. CSR is a part of corporate governance system, and hence require equal attention on the CSR initiatives of the organization.

1.1.5 Research Problem

In the current work, we aim to explore the impact of Corporate Social Responsibility (CSR) in developing countries like Pakistan, with a focus on how international MNC's take up the CSR policies. We further aim to illustrate the case of Nestle Pakistan and its CSR initiatives, to determine the value creation for Nestle by adopting the CSR attitude. Due to limited understanding of the concept of Corporate Social Responsibility amongst the population of Pakistan, the research will investigate the economic, ethical, legal and philanthropic perceptions of company's stakeholders, and its resultant impact on the value creation of Nestle Pakistan (Carroll, 1991). There has been a lot of work done on how CSR has been adopted by the organizations in the developed economies but little or no work is available on how CSR initiative are taken and used by firms in the growing economy of Pakistan.

The concept of CSR is still evolving not only with respect to its principles and how it is used by corporations, but it also varies between developing and developed nations. In developed nations where CSR is deeply integrated into the business operations to take create a competitive advantage for the firms, CSR in developing nations is till concentrated on philanthropic causes social upbringing (UN, 2006:3). For this reason there lies the need to explore the CSR initiatives taken in developing nations and how are they affected by the workings of multinational firms like Nestle.

Our choice of Nestle a discussant firm is due to the fact that we wanted both a global and local perspective on the things, therefore we choose a growing economy like Pakistan to discuss the impact of CSR on developing economy and choosing a multinational firm like Nestle will provide an international scope to the topic, giving both national and international perspective on the usefulness and usage of CSR initiatives. Above that Nestle is one of the biggest multinationals working in Pakistan; it has its operations all over Pakistan and is involved in providing a large

variety of daily consumables in the shape of milk, water and other refreshments. With a presence on such a big scale it became our prime target for this research.

Firms that depict or practice Corporate Social Responsibility as one of their major business tools, have an impact on the way consumers evaluate their product offering, prospective employees feel motivated linked to the socially responsible company and the authorities also encourage the responsible way of doing business. Therefore, we attempt to illustrate the effectiveness of the CSR policies of Nestle Pakistan to see whether it qualifies as a good corporate citizen or not. The research under consideration is aimed at developing results to showcase how CSR creates value for a multinational company like Nestle in a growing economy of Pakistan.

Value creation for a company revolves around its stakeholders and how the stakeholders perceive the CSR initiatives taken by the corporation. The research on value creation will include sound brand reputation among the customers, cost cuttings due to efficient use of production facilities, raw materials and power usage by being environmentally responsible, attracting prospective employees to secure future productivity by providing friendly working environment, maintaining healthy relations with the supplier and improving the overall public image of the company by actively participating in social investment projects such as increasing education awareness or helping out the earthquake victims. Firms can create value by integrating the CSR initiatives within the operational policies to achieve a competitive advantage over its competition in the market space (Porter and Kramer, 2006).

The main purpose of the research can be further sub divided into two categories, to judge the impact on the value of Nestle based on the stakeholder's response.

The first element of value creation is taken from the consumer's perspective, when we try to illustrate CSR as a commercial marketing tool used by companies to build brand image. This section will aim to discuss all the CSR efforts of Nestle Pakistan which are devoted or translate into enhancing the customer perception of Nestle and hence, increase its brand value through increased market share or rising sales. The efforts include constant advertising in both the print and electronic media to sustain the publically responsible image of Nestle, discount promotions

in schools, offices and public areas like parks also attract attention and then formally showcasing how Nestle is environmentally responsible by getting its representatives talking about Nestle and its CSR initiatives on media and social events. The efforts mainly focus on how Nestle is socially responsible by caring about the environment and its stakeholders. We attempt to present this important side of CSR which could be used by companies, in specific by Nestle in achieving its market edge and competitiveness. On the other hand, there has been a greater emphasis on how CSR acts as a public image building tool for the company and how beneficial it can be for the other companies to adopt such initiatives in their growth and marketing plans.

Secondly, the paper will attempt to present the stakeholder perspective regarding CSR, and evaluate how different impacts on various stakeholders create value for the firm. The impact on the stakeholders will be considered by the approach taken by Nestle in establishing its CSR initiatives. In doing so we will establish the link between stakeholders and the CSR policies of nestle Pakistan. One of the aims is to see how Nestle incorporates the CSR into its management strategy and corporate governance; whether it is just an attempt to showcase that Nestle only indulges in simple charities or whether Nestle actually adopt CSR as an integral part of business strategy and ensures the sustainability of CSR objectives in their daily operations.

1.1.6 Process of achieving Research Objective

In order to illustrate how CSR acts a value creation tool for Nestle Pakistan, we first established how we conceived the concept of CSR and its importance with the stakeholders. We will further determine the perceptions and expectations of Nestlé's stakeholders towards their CSR initiatives and then illustrate how it creates value for Nestle. We determine the value creation by a process of interaction with the stakeholders and see how they perceive the CSR initiatives of Nestle and then what do they expect from such a globally recognized organization. Stakeholders response towards Nestlé's CSR policies will show how satisfied the stakeholders are being a part of the firm, and how satisfied stakeholders contribute to the productivity and image of the firm; hence, how it effects the value of Nestle.

1.2 Objectives of Research

The objectives are presented in the form of questions.

- What is concept of CSR in the global economy and in developing countries?
- What is the relationship between CSR and stakeholders concerns?
- How does CSR act as Value Creation tool for companies in developing economies like Nestle Pakistan?

The process of illustrating value creation for Nestle Pakistan through stakeholder's perspective:

- How do the key stakeholders perceive the CSR efforts of Nestle Pakistan?
- What do the stakeholders expect from Nestle Pakistan in terms of its CSR policies?
- How does the perception of stakeholders affect the Value of Nestle Pakistan?

1.3 Purpose of Research

The purpose is to describe and analyze the concept of CSR, with special focus on developing countries and the role of multinationals (MNC's). Further the aim is to illustrate the CSR initiatives by an MNC like Nestle in Pakistan.

1.4 Limitations

During the course of our research process we encountered a few problems that posed limitations our research. Firstly, the local population of Pakistan did not fully grasp the concept of Corporate Social Responsibility as it is a new phenomenon in Pakistan, therefore, we had break down the concept in operational terms to maintain their understanding and achieve the research results. Secondly, during the interview phase we came across another limitation with respect to the interviews with the suppliers. As most of the milk suppliers were subsistent farmers so talking to them about Corporate Social Responsibility was very difficult. So we focused on the opinions of Nestlé's management responsible for the procurement of milk and interviewed one private farm owner and tried to know how the working relationships between Nestle, private farm owners and the small farmers are maintained. Thirdly, we focused our

study to Nestle because it is one of the famous firms in Pakistan and provides daily use products; therefore, the sense of familiarity was maintained with the stakeholders. Fourthly, due to time constraints we were unable to a large audience of stakeholders but our selected audience represents a good fit/ representation for our research. Lastly, this research is directly related to Nestle and its stakeholders about Nestle CSR policies and how it impacts the overall value of the firm.

Chapter 2

Methodology

The purpose of methodology is to highlight the techniques that have been adopted to collect data and analyze it so the objectives, which the research aims at, can be satisfied. Our research aims at determining the value creation for Nestle Pakistan, and for that we need to know the perceptions and expectations of Nestlé's stakeholders towards the CSR initiatives of Nestle. In order to gather the opinions of the stakeholders we will use the qualitative method of research, comprising of interviews and questionnaires. Our research will be supported by the literature available on 'Corporate Social Responsibility' and 'Stakeholder Theory'. Consequently, all the information gathered in the shape of interviews and questionnaires will be based on the literature frameworks.

2.1 Primary and Secondary Data Collection

The key research approach that was used to collect secondary data primarily involved academic sources which included literature available in books, from commercial sources that included literature available in newspaper articles, magazine articles and from electronic sources that included internet. Secondary data will mainly focus on the theories and articles from different authors that highlighted CSR and its increasing importance in the shape of literature review. All theories are discussed at greater length giving detailed overview of the CSR concept and its implication with the value creation for Nestle Pakistan. Apart from the individual discussion on both the element of value creation, some interlinked articles are also discussed to show how the whole concept of CSR and value creation is interlinked. The research will be basically explorative as no earlier research is done on this aspect, therefore, qualitative analysis will be the bases for our findings. Our research is based on Pakistan which is a developing nation, with not a lot of secondary information available, as it's a growing economy and companies do not publish a lot of data for market purpose due to competitive reasons.

Primary data will include the questionnaires from the consumers and interviews with other major stakeholders, in order to determine the perceptions of the stakeholders towards the CSR initiatives taken by Nestle. The data collected from interviews was conducted via telephone. The reason interviews were conducted by telephone is that they are cheap and convenient to conduct, as we used Skype. The questionnaires from the consumers were surveyed in universities, hospitals, shopping malls and business areas to get a diverse opinion on the research. Primary data provided useful information about the market perception of the company and its working tactics. In addition the case of Nestle Pakistan will also be presented to illustrate the current CSR practices of Nestle Pakistan and determine the comprehensiveness of their CSR agenda.

Both primary and secondary data will attempt to illustrate value creation for Nestle: the commercial marketing perspective and the stakeholders approach.

2.1.1 Qualitative Research Approach

The research approach that has been adopted to satisfy the research objectives is qualitative research approach. The research technique that has been used involves qualitative research. The study will be of an exploratory design enabling us to deeply explore and investigate the problem, giving us the opportunities to further find out about the perception of different stakeholders to better understand the value creating process. More over it would give a better idea to all the stakeholders to better understand the concept of Corporate Social responsibility (CSR).

A qualitative research approach was undertaken to have the review of literature and identify key variables that were to be used for the research. In order to understand the subjective meaning of the value creating process from CSR, qualitative study is the best possible approach.

2.1.2 Interviews

In order to have a candid and direct conversation will all the selected stakeholders interviews seem to be the best possible tool. Verbal communication can give out a clear picture of what the respondent thinks about the problem and one can easily perceive his or her views regarding

the issue. Furthermore interviews can disclose the intentions, beliefs, motivations, attitudes and feeling which are perceived to be sensitive. However, we cannot ignore the disadvantages with interviews which can be at times difficult to analyze and interpret, as you can only judge or perceive whether the respondent is withholding information or telling the facts (Malhotra, 2001). Interviews can be further divided into two categories which are focus groups and in depth interviews.

Focus groups

Focus group is a form of qualitative form of research in which a group of people, the size of the group could vary from research or from study to study, are asked questions regarding their perceptions, ideas, beliefs and feeling on a particular product, service or company. A focus group could be beneficial as there are many people involved and they can sometimes give away information which they feel is sensitive. The disadvantage of focus group could be too much information is hard to process.

In depth Interviews

In depth interviews as told earlier are the best suited form of primary data collection in our study. These in depth interviews will be in the shape of telephone interviews, with the advantage of: Firstly, it would prevent respondents to influence by other respondents which can easily happen in a focus group and secondly, for our research we need to target the specific target group of stakeholders. The drawback of having interviews on telephone is the absences of body language that a respondent shows on a answering a particular question, disabling us to fully qualify their response. Still focus groups can be considered to be a viable approach for collecting primary data as different views from different respondents can be beneficial at times but due to the time and financial constraints focus groups are not possible. The research is related to the Pakistani market and conducting a focus group in Pakistan would not be viable.

We conducted interview with them mostly on telephone as all the respondents were from Pakistan and distance was a very big limitation. We had identified around 10 respondents but it was not possible to get all the interviews because of several factors mostly relating to company

policies regarding privacy and availability of personnel. Since the population size for our research is large we have identified precisely as our target population who we want to interview. The stakeholders we have identified are:

- Employees
- Suppliers
- Shareholders
- Customers

The reason for selecting these stakeholders is because these represent a mix on internal and external those are essential to the operation of the firm, in terms of financing (Shareholders), productivity (employees) and revenue generation (Customers). These stakeholders are burdened with responsibility of creating value for the company, in terms of maintaining competitive advantage in the market (Davis, 1973).

We will be conducting telephone interviews and a variety of questions will be asked from the respondents. The main questions would try to focus on the facts regarding:

- Awareness of the concept of CSR with the stakeholders.
- Nestlé's initiatives in the field of CSR and its awareness to the stakeholders.
- How do the stakeholders perceive Nestlé's CSR initiatives?
- Do the stakeholders believe that CSR helps in creating a competitive edge for the firm?
- Does Nestle follow proper codes of corporate governance
- Do the stakeholders think Nestle Should do more with respect to its CSR policies.

The collected data and analyses of these stakeholders would give us a clear picture of the stakeholder's perception and whether or not CSR initiative taken by Nestle will create value for them. Further more questions mentioned above and questions like this would help us recognize the truly potential of Nestle work and policies regarding CSR.

As far as the stakeholders go we have selected one or two from each of the following stakeholders. After identifying the different potential stakeholder respondent's personal

connections and internet was used as a medium to contact the people, the reason why particular people were selected was because of their willingness to help and co operate. We had sorted out quite a few potential respondents. The people selected were taken into consideration because of their relationship and experience with Nestle Pakistan. In order to get a reliable response all the stakeholders selected were either very old or recently developed a relationship with Nestle Pakistan.

Table 1 shows the summary of potential and actual respondents.

Table 1: Stakeholders Response Summary

Stakeholders	Potential Respondents	Actual Respondents
Suppliers	<p>Mr. Babar Awan CEO JK Dairy farms</p> <p>Mr. M Abdullah Director Atlas Dairy Farms</p> <p>Mr. Taj Din Villager (Subsistence Farmer)</p> <p>Mr. Shaukat Sultan Managing Partner Shafi and Co</p>	<p>Mr Babar Awan CEO JK Dairy farms</p>
Shareholders	<p>Mr. Pervez Ahmed Director GPS Securities ltd</p> <p>Mr. Shahzada Shafi CEO HMS & Co</p> <p>Mr Gulzar Sheikh Director Shafi & Co</p>	<p>Mr. Pervez Ahmed Director GPS Securities ltd</p>
Employees	<p>Mr. Umar Altaf Prospective Employee</p> <p>Mr. Salman Akhtar Manager Production Nestle</p>	<p>Mr. Umar Altaf Prospective Employee</p> <p>Mr. Salman Akhtar Manager Production Nestle</p>

	Mr Qasim Habib Marketing Executive	
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Interview's Outcome

We interviewed the actual respondents through telephone and were satisfied with their response. A complete analysis of the discussion held with the stakeholders will be analyzed in chapter 5.

2.1.3 Sampling for Consumers Survey

A sample is the subgroup of the total population selected by the researchers for the purpose of the study. In order to collect and analyze correct, reliable and accurate data we need to identify a proper sample (Research methods knowledge base, 2006). Our research can be divided into two parts, consumers and the other stakeholders. For consumers we choose convenience sampling for 50 people. A sample of 50 people was selected as it's a more than realistic amount to collect data from, moreover our main research country being Pakistan it was really hard for us to actually get the questionnaires filled. 50 samples was a very realistic and achievable target. The sample population was from individuals who use Nestles products in their daily lives, the method used to collect data was the use of questionnaires based on the article of Carroll, which illustrates the 'Carroll's pyramid of CSR' (Carroll, 1999).

The respondents of the questionnaire belonged to different income groups, gender and profession but one variable that was kept constant amongst the sample was that they all either were a frequent user of Nestle products. So people who are a frequent user of Nestle products would have a better understanding and knowledge of Nestle products and other related features/services associated with it that was the subject to be gauged. The type of sampling technique that was used was convenience sampling as it saves time and energy and this is further confirmed by (Malhotra and Birks,2006). The questionnaires were floated amongst consumers in different shopping centers like Pace, Alfateh and HKB. The questionnaires were also floated on college campuses, hospitals, and business areas in Lahore, which included

Defence, Mall road, Burki road and Mozang area. To further minimize biasness in study the questionnaires was floated amongst people of different professions like doctors, bankers, students and teachers. In order to help the consumers, an explanatory note was attached at the beginning of the questionnaire. Respondents were clearly asked to fill the questionnaire based upon their actual experience of the services/propositions that were asked in the questionnaire.

As told earlier we selected people from different income and age groups and the reason for selecting students and teachers was that they belong to the target market, students in Pakistan are usually willing to help with research and filling out questionnaires as they themselves need to conduct projects. Teachers on the other hand were selected on the fact that their feedback and answers are highly appreciated. The reason 54% of the total sample was from teachers and students was because of the convenience, availability and reliability of the data collection procedure.

The final population of the survey is shown in Table 2:

Table 2: Customer’s Target Population

Occupation	Average Age	Organization/ designated posts	Household income/month
Teachers 24 percent	30-50 years	University Teachers	Above 30,000
Students 30 percent	17-28 years	Undergraduates/Masters	Above 10,000
Doctors 26 percent	35-50 years	House surgeons, Gynecologists, ENT specialists, Liver and Kidney Specialist	Above 50,000

Bankers 10 percent	25-35 years	ABN, Citibank, MCB and Faysal Bank	Above 40,000
Business men/self employed 10 percent	30-45 years	Small businesses	Above 50,000

Consumer questionnaire survey outcome

The data we collected from the questionnaires was pretty satisfying giving us detail about the consumer perceptions and thoughts. The data collected from the questionnaire will be analyzed in chapter 5. See detailed questionnaire in appendix 1.

2.1.4 Case of Nestle Pakistan

We will also present the case of Nestle Pakistan to illustrate the current practices of CSR by the company. Later we will analyze the practices to determine how comprehensive the CSR agenda for Nestle is in Pakistan. It will also help compare the CSR efforts of a multinational company like Nestle to the CSR concept in the developing country like Pakistan, to see how it can help the firm's stakeholders and the economy at large.

Chapter 3

LITERATURE REVIEW

The literature selected for the research is carefully selected from the academic journals. Namely the journals include Journal of Retailing, Journal of Ethics and Journal of Management. The initial literature was covered in great detail in our course during the Masters Program MSc of Corporate and Financial Management, and other research was conducted through the same academic journals as named before. Carroll's article on CSR pyramid forms the fundamental basis for our work along with other works on CSR that oppose or favor the concept. Emphasis was also laid on the evolution of CSR and how different authors took their perspective on it.

3.1 Importance of Corporate Social Responsibility (CSR)

Ullmann says that CSR by no means is new issue and has been there for a long time (Ullmann, 1985). Carroll in his article also illustrates the long history of defining CSR from 1950's to 1990's (Carroll, 1999). His article portrays that CSR grew from being a simple phenomenon with the businessmen and later with corporations into whole different philosophy of business ethics and corporate citizenship. From this it can be gauged that firms undertaking social responsibility issues is by no means a new phenomenon. CSR is gaining momentum because of the ever-increasing influence of multinationals over the global economy as society demands over the social and environmental responsibility issues is increasing. In respect to this Martin, he states that globalization has heightened society's anxiety over conduct of multinationals (Martin, 2002).

Levy said that based on their assumptions consumers and stakeholders would reward firms for their support of social programs, many organizations have adopted social causes. However it's highly unlikely that consumers and stakeholders would blindly accept such initiatives and may or may not reward organizations for such socially responsible behavior (Levy, 1999).

Further research by McGuire , Sundgren and Schneeweis confirms that company needs to satisfy and stand tall to not only the claims of shareholders but also the claims of stakeholders

(McGuire, 1988). This theory primarily argues that business and corporate ethics go hand in hand and one can be separated from the other.

Sims defines CSR as;

“The continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”.

Another major thing that Sims highlights is that there is an expectation attached to businesses to be good corporate citizen and with that they also need to fulfill voluntary philanthropic, which is also known as discretionary responsibility. Not only this, but businesses needed to contribute financial and human resources to the community and to improve the quality of life. In his study the major variables that he highlights include society giving, community interaction through projects like orphanage trust building, supporting of homeless children and funding of victims struck by disaster causes (Sims, 2003).

Another major study that highlights the growing impact of CSR and its influence on consumer buying behavior can be gauged through the consumer survey conducted by Cone (Cone, 2002). According to the results of the survey 80 percent of the consumers and stakeholders who were surveyed stated corporations who support a cause generate a greater trust in consumer minds and of the total consumer population surveyed nearly 86 percent said that they would switch brands to a cause supporting product when faced with a choice of equal product price and quality. Of the same population nearly 85 percent said that the company’s commitment to a social cause was important when deciding whom to do business with in their local community. From the empirical results it can be gauged that as the literacy rates all over the world are improving, consumer concerns for society giving and society interaction are increasing. Businesses in their production activity need not only to pay attention towards profit maximization but also address concerns of other stakeholders primarily a firm’s consumer. It can also be gauged that while marketing activities of firms in generally directed towards the process of selling, influencing and persuading the consumers to purchase a product, companies feel compelled to serve and satisfy the human needs of their customers (Kotler P. a., 1969) and

of their other internal external publics (Kotler P. , 1972), both out of obligation to society, and to achieve positive consumer rewards.

3.2 Arguments against Corporate Social Responsibility (CSR)

Although there are many theories advocating the growing concern of CSR and its resultant impact on the way that consumer's and stakeholders perceive and evaluate a product offering, critics have always been there. One of the most famous critics is the noble prize winner Milton Friedman who claims that CSR is nothing more than playing havoc with organizations money (Friedman, 1970). He in his work also configured that the sole responsibility of an organization is to maximize the wealth of its shareholders and not other activities. He says that a business should aim at being profitable and ensure maximal returns to shareholders.

But there are a number of critics to Friedman's work the most popular ones being Carroll (Carroll, 1991) and Levit's (Levitt, 1980) who say that that businesses in order to ensure long run sustainability need to make an appropriate tradeoff between present profits and future long run sustainable profits. They further also argue that CSR should be viewed in terms of an investment project and say that every dollar invested in CSR should reap the same results or returns if invested somewhere else.

Another important study that needs to be referred is a study titled 'The impact of perceived corporate social responsibility on consumer buying behavior' by Karen (Karen, 2005). As the research paper reads these authors have tried to investigate two major investigations that manipulate consumers perceptions of fit, motivation, and timing of corporate social initiatives embedded within promotions. They primarily identify and distinguish between two major initiatives that a organization takes. Low fit initiatives are defined as those initiatives that a company takes temporarily and such socially responsible initiatives are mainly designed to support or launch a new product offering. High fit initiatives are defined as those initiatives or in fact those society initiatives that an organization contributes right from the beginning and aren't Marjory intended towards supporting a particular product offering. Low fit motives are also defined by the authors as firm self serving e.g to increase profits, sales or boost a specific brand) and high fit motives are defined as public serving e.g. (help needy citizens, assist the

community development or raise awareness for a specific cause. Along with the gauging of these two major variables that is profit motivated initiatives and society initiatives another major variable that was gauged by this research is primarily the timing of initiatives. The prior technique and methodology that they adopted was a statistical survey underpinned in light of hypothesis development. The results that followed were that low fit initiatives negatively impact consumer beliefs, attitudes and intentions no matter what the firms corresponding motivation is whereas firm's high fit motives have a positive impact on consumer beliefs, attitudes and intentions. They further mention that low fit initiatives are likely to diminish over a passage of time and correspondingly effect corporate credibility, corporate position and purchase intention. As from the results of the research conducted by these authors, of the population nearly 80 percent of respondents believed that firms should engage in social initiatives and 76 percent felt those initiatives would benefit firms. A second study by these authors revealed that of the consumer population surveyed nearly 52 percent of the consumers agreed to boycott products of a firm that did not depict social responsibility if alternatives were made available. Being conclusive of author's results, consumers would reward firms that undertake societal initiatives not intending it towards the support of a particular project.

But as a contradiction to the above mentioned work by Karen, Porter and Kramer (Kramer, 2006) say that the common belief that the social and economic objectives are separated is a misconception. Instead, they believe that companies can use their charitable efforts in order to achieve economic benefits. They argue that CSR efforts are not independent of the business strategies and hence they should be incorporated within firm's vision and operational objectives. Porter and Kramer accentuate over the principle that firms should adopt a Strategic CSR aim which is to achieve efficiency within its value chain and also leverage its resources to gain competitive advantage over its competitors. Many businesses are willing to adopt the Responsive CSR model that only solve generic issues but it does not completely integrate CSR efforts into business's long term strategy.

3.3 Arguments in favor of Corporate Social Responsibility (CSR)

Johnson (Johnson, 2009) advocates the business initiative to go green and achieve sustainability through its responsible operations. In doing so the firm benefits from the financial, legal, moral, human resource and brand building aspects of its offering. Businesses adopting CSR policies benefit from attracting new and emerging managers into the company by building an image of being a socially responsible company. Employees are considered an important stakeholder in the company and if the firm is successful in keeping hold and motivating its productive workforce then the business has a good future potential of growth. According to Johnson, CSR initiatives also assist in building brand image when CSR work as a publicity tool for the firm. In all, Johnson's opinion of going green helps in creating value for the firm in the shape of attracting potential employees and building firm's reputation.

Mitchell (Mitchell, 1997) stress efforts on highlighting the stakeholders impact of CSR initiatives. The article suggests that management needs to carefully analyze its stakeholders and according devise its policies and strategy. Mitchell divides stakeholders into 3 categories: one who has the power, one who has the legitimacy and lastly, the one who has the urgency towards business operations. Firms require precise analysis of its stakeholders and then derive the optimal strategy to satisfy all concerns and hence create value for the firm.

Conclusion

From the above articles we can easily say that CSR is not a new phenomena and has been there for a long time, many researchers are in favor of the process and many refute the fact, CSR is just a noble or social cause being done by the companies for the betterment of the society in terms of all financial, legal and political factors. They say CSR is a mere strategy employed by the companies to create brand image and earn money. But we cannot ignore the fact that according to (Kotler P. , 1972) CSR is creating awareness amongst the stakeholders and is perceived to be a good activity undertaken by a company or an organization. The world is turning into a global village and the availability of information is making the firms to undertake CSR both as a value creating and a money earning tool. Businesses in production need not only to save cost and produce the product at a low efficient cost but have to address to the

environment and the stakeholders. It can also be gauged that while marketing activities of firms are generally directed towards selling ,firms need to put a lot of focus on satisfying their stakeholders needs, let it be customers, suppliers or shareholders.

3.4 The Value Linking Chain

Johan Casson and Johan Dahlstrom (Karlstads University spring, 2006) attempted to find out that how a corporate social responsibility can impact a company's financial performance. But as indicated by the authors, enough evidence is not available to support this and hence they had to resort to an indirect measure to gauge the impact of CSR on a company's financial performance. This indirect technique primarily called for seeing that how can CSR impact a consumers buying behavior and how this effect on consumers buying behavior has a resultant impact on the financial probability of a firm. The research technique that they adopted is primarily qualitative and pertains to a study on consumers in the clothing industry. They came up with a model known as the Value linking chain indicating that a firm has four key responsibilities namely economic, ethical, legal and philanthropic. The value linking chain shows that how different values are put into an offer. Furthermore, how consumers evaluate an offer both before purchase and after purchase and how this in turn affects a company's performance. As the author goes on to explaining how the model works he says that different products have a different meaning to different consumers. Next the consumer evaluates the offer before purchasing of the product. Such an evaluation by the consumer can lead to him accepting or rejecting the product offering. If the customer buys the product he or she enters a post purchase state of evaluation where if the product or service is perceived as good quality, the customer is satisfied and stays loyal to the company. Loyal customers, in turn are more profitable and helps heighten the company's performance.

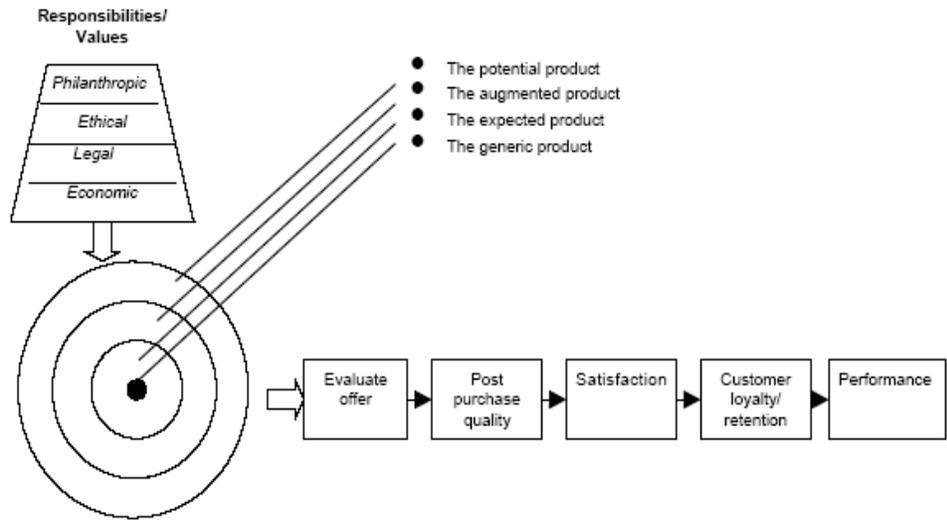


Diagram 2: The value linking chain

3.5 Carroll’s Pyramid of Corporate Social Responsibility (CSR)

Carroll’s (Carroll, 1991) pyramid of corporate social responsibility talks about that there are four major components of CSR namely philanthropic responsibility, ethical responsibility, legal responsibility and economic responsibility. Economic responsibility primarily talks about being profitable and is defined as the foundation upon which all others rest. Legal responsibility primarily talks about obeying the Law, where Law is society’s codification of right and wrong as the author says” play by the rules of the game’. Ethical responsibility talks about the obligation to do what is right, just, and fair. Avoid harm. Philanthropic responsibility talks about being a good corporate citizen by contributing resources to the community and improving the quality of life. Carroll (Carroll, 2003) says that all such responsibilities if added together gives Total corporate social responsibility.



Diagram 3: Carroll's Pyramid of Corporate Social Responsibility (CSR)

3.6 Heskett et al Service Chain Model

Heskett et al. (Heskett, 1994) developed a model known as the service profit chain and this model links that how the quality of internal service of an organization coupled with employee satisfaction can eventually drive a firm's profitability.

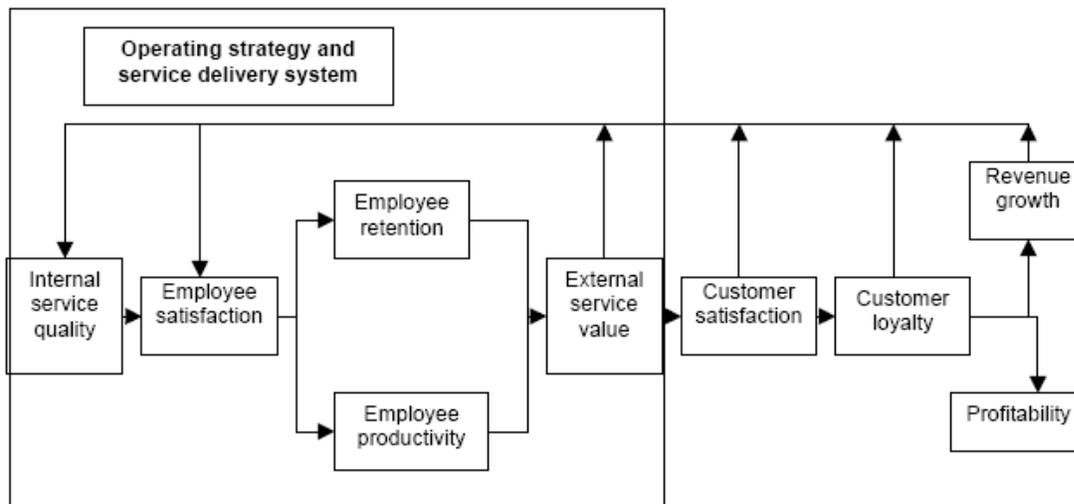


Diagram 4: Service profit chain Heskett et al

Internal Positive factors Creating value

Heskett et al. (Heskett, 1994) states :

“The service profit chain establishes a relationship between profitability, customer loyalty, and employee satisfaction, loyalty and productivity

Heskett et al (Heskett, 1994) say that winning customer loyalty is a major driver of profitability. This is primarily the case because through loyal customers a company’s marketing costs are significantly reduced through repeat repurchase, and as the companies operating costs go down, there is an increase in company’s profitability

Analysis of the models presented by Carroll’s (Carroll, 1991) and Heskett et al (Heskett, 1994) indicate that an organization in doing business needs not only to be focused towards wealth maximization and creating value for shareholders but in deeper context has a responsibility and liability towards all stakeholders. Heskett et al says that an good internal environment within the organization will lead to improved employee morale and hence more satisfied employees. This employee satisfaction would eventually translate into employee retention and better employee productivity. This would then further go on to adding value to the external service that is rendered by the employees and this quality external service would translate into

satisfied consumers. As consumers become satisfied their ability and likeliness to adhere to a firm would also increase simultaneously leading to retention and loyalty. These loyal consumers would further result in revenue growth and drive profitability for an organization.

3.7 Model by Porter and Kramer

Porter and Kramer (Kramer, *The Competitive Advantage of Corporate philanthropy*, 2002) discuss strategic philanthropy. They state that the common belief that the social and economic objectives are separated is a misconception. Instead, they believe that companies can use their charitable efforts in order to achieve economic benefits. This is shown in

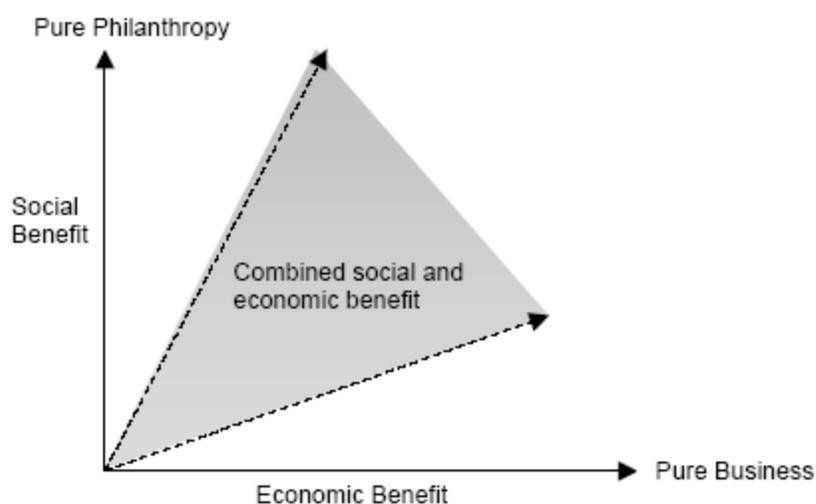


Diagram 5: Porter and Kramer

This means that a company can use its charitable efforts that is its social efforts to achieve its economic benefits.

3.8 Consumers and Stakeholder Perception

Harmen Oppewal, Andrew Alexander and Pauline Sullivan, *Journal of Retailing and Consumer Services* (Oppewal, 2006) attempt to find out the impact that retailing and shopping centers practicing corporate social responsibility have on consumers' evaluation of town shopping

centers. A qualitative study was carried on retailing and shopping centers of UK and a few major variables upon which shopping centers were gauged primarily included donations to charities, support for schools or cultural or sports events and demonstrations of concern for the natural environment. The key area of focus of this paper is to gauge the impact of CSR initiatives in shopping centers on how consumers perceive the attractiveness of the center as a shopping destination.

Harmen Oppewl, Andrew Alexander and Pauline Sullivan, journal of Retailing and consumer services (Oppewal, 2006) say that “according to Transfair USA suggest that 78 percent of US consumers would buy products associated with a cause about which they care and that many of these consumers would be willing to pay extra for such a product (Raynolds, 2002). According to Harmen Oppewl, Andrew Alexander and Pauline Sullivan, journal of Retailing and consumer services (Oppewal, 2006) in case of UK it has been reported that the proportion of people considering an organizations social responsibility as “very important’ when selecting a product has risen from 28 percent in 1998 to 46 percent in 2001 (Mori, 2001). However the same source argues that awareness of responsible practices is low and there is a desire for more information. This provides an indication that retailers can gain a suitable advantage from displaying such socially responsible behavior and actions and attract consumers.

According to the work by Harmen Oppewl, Andrew Alexander and Pauline Sullivan, journal of Retailing and consumer services (Oppewal, 2006) CSR actions have only limited effects on shopping center attractiveness, and only in particular circumstances. But the authors argue that even such limited effects are of high relevance for management as they may be less costly to change than several of typical per formative attributes like location or overall price level.

Contrastingly Mohr and Webb (Mohr, 2005) say that consumers are more attracted to negative CSR than to positive CSR. Even more they argue that when no information is given to consumers they either don’t think about CSR or they simply assume that the firm is already behaving in a socially responsible way.

Auger et al. (Auger, 2003) if healthy information is given to consumers about CSR and they are convinced to it, it can cause them to alter their purchase pattern

Furthermore, it has been argued by Whitehouse (Whitehouse, 2003) companies don't supply enough information about CSR to consumers and Stakeholders. He further argues that even if they undertake CSR projects and initiatives they tend not to publicize or market it and hence stakeholders in general and consumers in particular tend not to know about them.

Bergenheims says that media plays a major and a pivotal role in publicizing and letting people know that whether or if a firm is undertaking CSR initiatives. He further says that because of the growing influence of media over the global economy, such issues are becoming increasingly highlighted and are heavily criticized and attacked by media. In his model he also talks about that people do care for things that happen to them or others in their immediate surroundings and thus have a high level of involvement. But people tend to be less reactive towards issues and events that happened a long time ago and are hence characterized as low involvement. Above all media has the power to influence the way a consumer perceives a firms behavior towards the society (Bergenheims, 2005).

The company cause customer fit decision in cause related marketing by (Shruti Gupta, 2006) attempt to examine the relationship between the company, cause and customer and how the fit between these three groups influences consumer response via generating a positive attitude towards the company cause alliance and purchase intent for the sponsored product. They claim that consumers intent to purchase the sponsored product of a cause related marketing campaign is enhanced by the amount of congruence between the company's character and the consumers own character. For the methodological approach two studies were carried out one a sample of students, which numbered 232 and the other on a sample of consumers that numbered 531. As per the findings show that company's cause fit improves attitude towards the company cause alliance and increases the purchase intent of consumers. Accordingly consumers when evaluating a product offering look at two main things, firstly the congruence between the company and the consumer and secondly the emotional assessment that whether or if they like the company or not and the associated marketing activities. This has been further confirmed by (Bettman, 1979) who says that attitudes in individuals represent the overall effect

the individual has towards a product. But this study is limited to finding out the measured behavioral intention and not the actual behavior of respondents

Snider et al., (2003) points out that as consumer expectation of CSR has increased over the past 5 years and one of the major factors contributing to this is consumers boycotting the products of companies who are engaged in wrong doing. Businesses operating in a community benefit from the infrastructure of that community both in terms of tangible and intangible benefits. Businesses also draw many important resources from the community and the most important one being employees. As businesses reap benefits from the community at large, it is one of the responsibilities of businesses to ensure vital social outgrowth of resources in the society like building hospitals in the society so that its employees could have access to good medical facilities when they fall ill. Finally, to any business its consumers are of dire importance and businesses have a responsibility towards them which is beyond providing quality products (Snider et al., 2003).

Consumer buying decision process can be gauged through a five stage model as proposed by Philip Kotler and Kevin Lane Keller in the book titled marketing management, 12 edition. The first stage is the problem recognition stage that calls for that a consumer moves towards making a purchase decision when he identifies a need for a product or is compelled with a problem. Such a problem may arise due to an external or an internal stimulus. Marketers at this stage need to focus on increasing consumer motivation so that consumers can give a serious thought to the intended purchase intention. The next stage that falls in importance is the information search that primarily refers to that once a consumer identifies his need for a product, he moves towards gathering information about the associated product. The major sources through which a person seeks information about a product offering include (Philip Kotler and Kevin Lane Keller in the book titled marketing management, 12 edition) personnel, commercial, public and experimental. At this stage marketers need to focus on providing consumers with wide spread information sources that (Varadarajan, 1988) includes product catalogs, company reports, Internet and commercial media advertisements.

The next step is defined as the one in which the consumer seeks to evaluate different alternatives (Philip Kotler and Kevin Lane Keller in the book titled marketing management, 12 edition) and marketers in this stage need to ensure widespread accessibility of information sources of their products followed by advertisements that specify product features and disclose all relevant content that would enable the consumer to only build recall but also provide sufficient information about the product (Drumwright, 1996). However, in this stage marketers can also use CSR initiatives to make their product or offering stand out as (Kramer, 2006) say that CSR initiatives or society initiatives can be used or leveraged to obtain economic benefits but Karen L Becker, B. Andrew Cudmore and Ronald Paul Hill, journal of Business Research 2005 argue that company initiatives that are designed at leveraging social benefits for achieving economic benefits (low fit) aren't much successful with consumers and attempt to fade away soon.

The next two steps in the order of their occurrence are the purchase decision and the post purchase behavior (Philip Kotler and Kevin Lane Keller in the book titled marketing management, 12 edition). In order to provide maximum value to consumers at the purchase decision marketers need to ensure widespread accessibility of their products and services accompanied by multiple ordering options. Furthermore marketers should focus on providing consumers with multiple information sources about the product offering (Varadarajan, 1988) which includes product catalogs and in store sales staff. Finally in order to ensure repeat purchase by the consumers and build loyalty towards a brand, marketers (Douwe van den Brink, 2006) need to ensure timely meeting of promised product attributes and need to avoid false claims in their advertisements. Furthermore marketers should conduct consumer surveys on a frequent basis about their product offering (Barnes, 1992) so as to gauge consumer response and attitude towards the offering. Marketers need to also avoid showing advertisements that are against the cultural norms of a society (Drumwright, 1996).

Douwe van den Brink, Gaby Odekerken-Schroöder and Pieter Pauwels, journal of consumer marketing (Douwe van den Brink, 2006) aimed at gauging that to what extent does tactical cause related marketing has an impact on consumer brand loyalty. Hypotheses were developed

and a respondent size of 240 participants was used. The results showed that companies tactical cause related marketing campaigns had an effect on consumer perceptions under conditions that firstly the company has long term commitment to that campaign and secondly that the product is a low involvement product. The limitation of the study was that it was primarily conducted on a sample size where all respondents were students and imaginary storyboards were used. They study can practically enable managers to gauge the fact that cause related marketing campaigns can help in building consumer loyalty if a company has long term commitment to such campaigns and secondly for those products where the level of involvement is low. But Karen L. Becker Olsen, B. Andrew Cudmore and Ronald Paul Hill, (Karen L. Becker Olsen, 2005) claim that societal campaigns that are designed to support a product offering only yield temporary benefits and soon fade away in consumers mind.

(al, 2000) Ellen uses attribution theory to explain that how consumers evaluate a company's CRM campaigns. They say that consumers evaluate a company's CRM campaigns based upon the company's objectives for having followed such a campaign. Companies can be grouped into two major categories as intrinsically motivated or extrinsically motivated. Companies with strategic CRM campaigns are regarded as more intrinsically motivated companies believing that CRM in itself is a reward as opposed to extrinsically motivated companies who seek reward from the external environment. This is further supported by Karen L. Becker Olsen, B. Andrew Cudmore and Ronald Paul Hill, (Karen L. Becker Olsen, 2005) who say that societal activities need not to be directed towards supporting a particular product offering.

Roy Willial John Endacott in his article consumers and CRM, (Endacott, 2004) says "With only limited data available regarding consumer opinions on a global scale, and the problem that these appear to differ from country to country and over time, marketers may experience complications maximizing their brand's value by linking with just one good cause. They further go on to explain that CRM can no longer be seen as a passing gimmick that can be ignored. But because of the increase in consumer awareness, they expect businesses to contribute more wholly to the society and take full accountability of their actions.

(1) Business must take their social responsibilities much more sincerely as consumers anticipate them too act in an added conscientious way.

2) Secondly they also claim that as a consequence of world events that have occurred primarily the event related to September 11, the types of investments that consumers expect businesses to make in the society have also changed dramatically. This is further supported by (Cone, 2002) who claims that after the incident of 9/11 American opinions changed on which social issues business should support; these were then listed as: national tragedy, medical research, education, support for military, and homelessness.

As a consequence of increasing global affluence, with the world now becoming united under one umbrella the need for businesses to undertake social initiatives is also increasing as such initiatives are now being considered and valued by consumers, but due to different stages of development in different countries only a limited information is available and consumer information and extent to which they want CRM pertains to research in their country/countries. According to research by (Cavill, 2001) top priority that consumers in Australia show towards what community investments that businesses should take medical research (22 per cent), health/medical care for children (18 per cent), child protection (15 per cent), homelessness/ poverty/ hunger (15 per cent), and aged care (13per cent). Another study in South Africa by Market Support associates, (Nedbank, 2002) claims that top five priority causes that a business should support in eyes of South African customers are as follows crime/personal safety (36 per cent), poverty (23 per cent), Aids (22 per cent), unemployment (20 per cent), and the economy (depreciation/inflation) (18 percent) .

Peter Jones, Daphne Comfort and David Hiller October 2006, carried out a research that how retailing stores in UK use CSR to communicate to their customers while they are in store. The research approach that they used was primarily qualitative in nature and involved physical examination coupled with focus group interviews. A sample size of 10 leading retailer stores in UK was selected. The major variables that they gauged were to see that to what extent such stores use CSR initiatives which included fair-trade, fitness, healthy living, healthy eating, organic produce, sustainability, employment practices, charitable giving and support of local

community. Through their research they found out that such CSR initiatives did had a impact on the buying behavior of consumers when buying from a specific store and large retailers did make good use of this technique to leverage consumers into buying from their store. According to the author:

“In advertising its two day conference held in November 2005 on communicating corporate values to consumers, The Ethical Corporation described CSR and marketing as being “traditionally on opposite sides of the fence [and] hardly the most obvious bedfellows” adding the opinion that “to CSR people marketing can sometimes seem nothing more than empty promises and PR spin. . . To marketing people, CSR is all about duty, responsibility and doing the right thing” (Corporation, 2005). (Posner, 2004) Suggest, furthermore, that companies “are losing out because there is often little or no integration between CSR and marketing departments and their respective strategies” and that “unless CSR becomes essential to the marketing director’s agenda, it will not have the preferred effect. Morsing (Morsing, 2003) has argued that communicating corporate social responsibility is a delicate issue and notes that stakeholders can be hesitant to receive excessively available information about companies’ CSR schedule”. Coors and Winegarden (Winegarden, 2005) assert pointedly that “CSR is really nothing more than corporate advertising that makes consumers aware of new products and features for which they are willing to pay”.

Despite these views, or perhaps because of them, there is growing interest in exploring the links between CSR and marketing. In looking to provide a framework to incorporate CSR and marketing, Maignan and Ferrell (Ferrell, 2004) summarized the work of marketing scholars who had examined consumer responses to CSR initiatives, the perceived importance of ethics and social responsibility among marketing practitioners, and the marketing benefits resulting from corporate actions with a social element. In earlier work, the same authors explored the role of what they then termed “corporate citizenship” as a marketing instrument (Ferrell, 2004), concluding that companies will be likely to invest in CSR if initiatives trigger the support of consumers. Reviewing the facts on consumers’ support of corporate citizenship, they suggest negative CSR associations can have a unfavorable effect on overall product evaluations whereas

positive associations can enhance product evaluations and customer loyalty. Their general conclusion is that corporate citizenship may help companies to promote their products, and they call for further research to explain the strength of the relationship between CSR and consumer behavior.

Conclusion

These articles pay a lot of attention on the perception and advantages that CSR can possibly have on the value creation, perception and the brand image of the company. Many researchers see CSR and consider CSR as a viable activity to be undertaken by the firm. Some argue that CSR has a positive effect on the perception and the consumer buying pattern of the company's products and some say that it's a mere marketing strategy and there is no effect. The above articles above give in detail the total picture with both favorable and in some cases unfavorable arguments.

Chapter 4

Corporate Social Responsibility (CSR) In Developing Countries

4.1 Corporate Social Responsibility (CSR) in Developing Countries

CSR in developing countries is a big challenge that has to be undertaken by every individual, government, organizations and corporations. In order for the world to be a better place, hard work is needed in all fields of social and environmental factors. The challenge for CSR in developing countries is framed by a vision distilled in the millennium goal of development 2000, 'a world with less poverty, hunger and disease, greater survival prospects for mothers and their infants, better educated children, equal opportunities for women, and a healthier environment' (UN, 2006: 3).

The concept of corporate social responsibility (CSR) aims both to examine the role of business in society, and to maximize the positive societal outcomes of business activity (UN, 2007). Developing countries need a lot of work to be done in the field of CSR. The rationale for focusing on CSR in developing countries as distinct from CSR in the developed world is fourfold:

- developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business (IMF, 2006);
- developing countries are where the social and environmental crises are usually most acutely felt in the world (WRI, 2005; UNDP, 2006);
- developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006);and
- Developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world.

The CSR literature can be themed into four main categories:

- Social

- Environmental
- Ethics and
- Stakeholders

Most CSR done on developing countries is either done generally in terms of developing countries or with respect to a particular country and system. Despite all the focus put on this issue only about one fifth of the developing countries actually conduct research on the topic because of financial constraints. Analysis at regional level are more common but research on corporate, individual and sector remain very low. Developing countries like Pakistan, India and China need to put a lot of stress on these issues, but over the past five years governments, NGO's and companies have accelerated the process of adapting to the developed countries CSR agenda through direct engagements (UN, 2007). Multinational companies like Nestle are working to improve the social and economic welfare of the countries. Nestle with a global presence has the financial strength and the willingness to execute CSR projects. They not only work towards the environment like in developed countries but taking account the current needs of developing countries they focus a lot on the social and infrastructure projects. Nestle Pakistan in particular put a lot of focus on the stakeholders and identify them as key to success.

Companies operating in India, Pakistan, china and Malaysia have strong commitments towards the CSR initiatives. According to one research (Chapple and Moon, 2005) two third of companies in India present themselves of having good CSR policies as compared to only one quarter in Indonesia. Multinational companies operating in these countries not only improve their brand and public image in doing so but they actually help the society as well. Activities undertaken by them benefit all the stakeholders.

Cultural Traditions

While many believe that CSR is a western invention mostly being practiced and researched in developed nations and this may be largely true in the modern conception but there is enough evidence that CSR in developing countries is driven by the cultural tradition of philanthropy, business ethics, and community embeddedness. Indeed some of these traditions of

philanthropy are obligatory and date back to thousands of years in religions like Hinduism, Islam and Christianity. Looking at the modern aspects as well we can see in (Vives, 2003) survey of 1300 small and medium sized companies operating in Latin America religion is the key factor of CSR initiatives. The research clearly states that cultural and traditions play a very important role in the CSR activities the company undertakes.

Political Reforms

CSR in developing cannot be divorced from socio political reforms which often drive the business behavior towards integrating social and ethical issues. In his article De Oliveira (De Oliviera, 2006) argues that political and structural reforms changes in Latin America in the 1980's has shifted the business attitude of being more socially responsible and taking more responsibility for social and environmental issues. This has been the case in South Africa as well, political changes towards democracy has brought forward a trend for good corporate governance and a collective effort towards social uplifting. Political reforms have positively affected the CSR and corporate governance practices in the developing countries. Likewise, more recently, the goal of accession to European Union membership has acted as an incentive for many Central and Eastern European countries to focus on CSR, since the latter is acknowledged to represent good practice in the EU (Baskin, 2006).

Crisis Response

Many crises in the developing countries are also responsible for catalyzing CSR initiatives. These crises can be economic, social, environmental, health related or industrial. In countries like Pakistan and India poverty alleviation is a basic talked about topic amongst the companies they feel like poverty alleviation is the solution to the problems faced by the developing countries. Other issues that have prompted CSR initiatives include HIV/AIDS and climate change. Moreover catastrophic events with immediate and long-term effects are more likely to elicit CSR responses mostly the philanthropic kind. The Asian tsunami is a perfect example of this.

Stakeholder Activism

In developing countries where there is lack of governmental control over the social, economic, political, ethical and environmental issues activism by stakeholders groups has become another critical driver for the CSR (Lund-Thompson, 2004). In developing countries there are four stakeholders groups that prove to be the most powerful, being:

- Development agencies (Jenkins, 2005)
- Trade unions (Kaufman *et al.*, 2004)
- International NGOs (Christian Aid, 2005) and
- Business associations (WBCSD, 2000)

These four groups provide respite and help to the local NGO's in developing countries which are not very well developed or adequately well resourced to provide strong advocacy for CSR. Another stakeholder that is playing a vital role in the development of CSR in developing countries is the media (Vivarta and Canela, 2006). The media helps in highlighting issues which are not advocated by the government helping NGO's and companies to put their focus on these issues. Media is positively affecting the companies and the local population of these countries.

Conclusion

To summarize we can say that CSR in developing countries:

- Is more aligned with the social issues of poverty alleviation and environmental protection.
- Is less formalized or institutionalized in nature.
- The presence of any formal CSR structure is mostly by big notable international Multinational companies.
- CSR in developing is more of issue related or sector related meaning they work for a particular thing (AIDS, Mining, Agriculture etc).
- Is usually associated with the concept of philanthropy rather than in business operations.

- The spirit and practice of CSR is often associated to culture and religion.

Though work is being done in the area of CSR but a lot has to be done. Further research in key areas has to be done. CSR cannot be only for social or religious reasons it has to have a benchmark compared to developed countries. The data available is more in general, specific cases and data needs to be collected in order for the CSR initiatives to grow.

4.2 Corporate Social Responsibility in Pakistan

As we all know that CSR is a very old concept and is not new to the modern world (Carroll, 1991), however, CSR in Pakistan is relatively a new concept and people, majority of them, don't know what Corporate Social Responsibility is. The ones who know think that it has to do something regarding the environment or its just there in the annual reports for companies to give them a good image. Few researchers argue that CSR is just a marketing tool to promote the companies brand image and marketing image and to get a soft corner in the hearts of all the stakeholders mostly being the customers (Davis, 1973). Countries like Pakistan which are still in the developing stage do not put a lot of focus on environment and CSR. Most of the responsible companies operating in Pakistan work towards CSR making cash donations mostly for humanitarian and religious reasons. Around 60 percent of public listed companies make some kind of donations towards charitable organizations or social development. There is a lot of activity going on but mostly on the social development and charity work (CSR Pakistan, 2010).

Most of the people think that CSR has to do with charity and social development and environment but they don't know the fact that CSR has a very broad spectrum. Our research shows that CSR does not only deal with environment and charities but it has a lot to do with the stakeholders as well. Employees getting proper and safe working conditions are also CSR, employees being treated ethically and they working ethically and being a good corporate citizen is also CSR. Shareholders playing a vital role in the company's policies and making sure that all the work is done according to the betterment of the society and not only the company shows good corporate governance and hence is good CSR activity. Suppliers should make sure that the product being supplied are of good quality and are produced in the most efficient manner is

CSR. There are a lot of things that can be associated to CSR and hence a lot of effort has to be put in order for the people of Pakistan to properly understand it.

A lot of work is being done in Pakistan and international companies like Barclay's and Nestle are leading the way through. There is a lot of potential for CSR in Pakistan. Being the 5th most populous country in the world, around 65 percent of its population is living in rural areas without any basic necessities of life. There are several sectors which the companies can invest in, requiring a lot of effort both financially and physically. Sectors that require immediate attention are

- Education
- Health care
- Water and sanitation
- Infrastructure
- Development research
- Training and development

Companies like Nestle work towards these issues and try helping the people of Pakistan (CSR Pakistan, 2010).

Chapter 5

Case of Corporate Social Responsibility (CSR) Nestle Pakistan

The section will present the CSR agenda of Nestle Pakistan, discussing the activities done by Nestle with respect to the process of CSR supported by recent findings. We then discuss how companies like Nestle can shape the future of CSR in the developing nation of Pakistan.

5.1 Corporate Social Responsibility by Nestle in Pakistan

Nestle has as strong ideology when it comes to taking initiatives in CSR, Nestle being a world leader has to be more careful when you talk about social and community issues. Nestle is rapidly developing in developing nations like Pakistan, with a combined population of about 200 Million people, these are huge markets and a lot has to be done in these markets when it comes to CSR (Nestle, 2007).

Nestle Pakistan believes that no matter what country or company it is very important to integrate in the social, cultural and economic life. The companies must be good corporate citizens and should aim to focus on both the qualitative and quantitative issues. The focus should not only be on making money but also focus on the better development of the society as a whole.

Nestle Pakistan has identified 2 ways of fulfilling their responsibility of CSR in Pakistan.

- Social Investment
- Through the realization that business creates social and environment impact by incorporating the CSR into its operations

Nestle Pakistan has putting up a lot of effort towards:

- Environment
- Education

- SH and E policy
- Health
- Society
- Quality Assurance

Environment

In line with its global strategy Nestle Pakistan is dedicated to play a very important role in the field of environment, for that Nestle Pakistan has taken some very important steps in helping the environment of Pakistan by improving plant facilities and doing the following:

- Use of sustainable raw materials
- Efficient use of factories when it comes to electricity and production
- Proper waste management facilities
- Use of natural gas as power production rather than use of heavy oils in order to help reduce the air pollution
- Proper water treatment plants

Education

Nestle has a lot of ongoing programs regarding the development of schools in Pakistan in order to improve the livelihood of underprivileged children in Pakistan. Nestle Pakistan's efforts are focused on the following:

- School rehabilitation and Education Advancement
- Research and development initiatives

SH & E Policy

Being one of the leading food companies in Pakistan Nestle has to play a key role in the sustainable development. Safety, Health and environment policy focuses on improving the sustainable advantage of the company by incorporating the latest techniques. In the process of transforming raw material in to finished product Nestle aims to minimize the wastage of finite resource and do it in the most environmentally friendly way, for that nestle is committed to:

- Develop and implement all the SH & E systems in workplaces let it be production or offices
- Identify and reduce the hazards associated with production
- Efficiently operate the work places
- Establishing measurable objectives
- Communication the objective of sustainable environment to all levels of the company

Earthquake in Pakistan

A deadly earthquake hit Pakistan in October of 2005 killing more than 300,000 people and displacing more than a million people. It was a dire situation and all the country planned to participate in the relief efforts. Nestle being a responsible corporate citizen of the economy and country planned not only to help the people initially but in the long run as well. They developed a 3 stage plan.

Early response of Nestle was to provide immediate help to the needy by providing them with essentials of life including food and beverage items

Aftermaths: after the *crisis* came the part of helping locals building houses and providing with both financial and moral support. They provided the effected with a financial support of RS 20 million. They also promised to extend long-term support in building the homes for current employees affected in the earthquake.

Pitching in was an initiative taken by the Nestle employees, donating around RS 3.3 million to the affected. Employees in other countries also came forward and helped the ones in dire need. Five teams of staff volunteers, a medical team of King Edward medical University along with Nestle employees and Nestle parent company worked day and night to help.

Health

Nestle Pakistan is involved in a lot of health projects in far flung areas, their key focus being on the:

- *Well and hand pump installation*

Clean drinking water is the right of every human being and at nestle this need was felt and an initiative was taken for the ones in need, the first hand pump was installed in the Tehsil Dunyapur of Khanewal in 2002, this project was continued and a further 3000 pumps have been installed in the arid areas of Thar and Cholistan.

- *Help centers for farmers*

Help centers provide valuable information for farmers of how to increase their milk and how to keep their animals safe from disease.

Society

Taking the Nestle Ideology of CSR the company is deeply involved in social projects for the under privileged of Pakistan. Few highlights being

- Fair dealings with stakeholders
- Financial support for social projects in Pakistan
- Creating shared value

Quality Assurance

Nestle aims to provide the best possible quality to its customers all over the country. It has strict TQM procedures which ensure that the food and its products being sold are according to world standards. The aim is to go for zero defects in the most environmentally friendly way (Nestle, 2007).

Conclusion

The discussion shows CSR in Pakistan is still an evolving concept, as it is only limited to the concept of social welfare through charities and other social causes. But it is also important to note that multinationals working in the developing countries like Pakistan, are contributing a great deal for the growth in CSR. We say this because, as seen above Nestle has a very comprehensive take on the CSR policies and it shows how important it is to their business. Their CSR policies range from production efficiency to employees development and ending with the shareholders returns. The practice covers all spheres of business and most importantly caters to all the stakeholders involved in the business.

Consequently, we believe companies like Nestle operating in Pakistan and taking a serious stance on the CSR issue by incorporating it into its operation strategy, not only caters to all its stakeholder's betterment but also allows for this evolving concept of CSR to grow in Pakistan and prevail for the betterment of the economy. Companies like Nestle can determine the future on CSR in Pakistan for years to come, and based on Nestle's current effort the future looks bright in terms of societal welfare and stakeholder's betterment.

Chapter 6

Analysis

In this Chapter we will talk about the data collected from the questionnaires and interviews conducted from different stakeholders and other electronic sources, and will compare it to the actual CSR policies of Nestle (Chapter 4) to analyze the effectiveness of Nestle's CSR policies. The data collected includes the perceptions of the Nestle stakeholders towards the CSR policies and how they feel to be associated with it, illustrating how Nestle's CSR initiatives gain competitive advantage for the company, hence enhancing its value.

The analysis will also compare the frameworks of CSR in developing countries, in Pakistan and as adopted by Nestle Pakistan to depict the difference in the CSR approach and show how the convergence of all CSR approach can work for the betterment of the society.

6.1 Stakeholders Perceptions about Nestle's CSR Initiatives

This section will illustrate the findings about Nestle's CSR agenda from stakeholders in the shape of Consumer survey, interview from other stakeholders and findings from other web sources, concerning the impact of Nestle's CSR initiatives on the stakeholders. We will also analyze how CSR is of an advantage or a drawback for Nestle based on the results of stakeholders perceptions.

6.1.1 Consumers Perception about Nestle's CSR Initiatives

For the purpose of our research we conducted a survey of questionnaire among the people of Pakistan who are frequent user of Nestle products. Our results are based on the response by 50 individuals, both male and female, belonging to different occupations and income groups. Our results outline the perceptions of consumers towards the Corporate Social Responsibility initiatives by Nestle, and how it can help the management build on these CSR initiatives and establish its brand image. The research was primarily based on the Carroll's CSR dimensions: Economic, legal, ethical and philanthropic aspects concerning the consumers. As a limitation for

the research, most of the people did not fully grasp the concept of CSR, therefore, we had to break it down into operational terms/questions for the common people to understand.

Talking about the economic responsibility of Nestle towards consumers, businesses are created as an entity that aims at providing goods and services to societal members. The key purpose of a business is to provide consumers with goods and services that they want and in such a process make acceptable profits (Friedman, 1962). The economic responsibility of Nestle includes ensuring its customers with widespread accessibility of their products and services, providing consumers with multiple ordering options of their products and services through convenient options like telephone, mail or Internet and meeting of the promised product attributes (Ferrel, 1997). The survey showed that consumers were pretty satisfied with Nestle offerings, they were happy with the access of products and how it fit well to their desired attributes of health standards, however, a few complained over the premium pricing of the product even though they had the means to purchase the products. Consumers rated highly the quality attribute of the product, and there preference of health and purity was the main reason why most of the respondents use Nestle products.

Another major responsibility that businesses have towards their consumers is legal responsibility that is to comply with laws and regulations promulgated by federal, state or local government. Businesses in pursuing their production activities should pay attention to legal bindings and abide by them if they are to depict an image of being a good corporate citizen. Such legal responsibility by Nestle includes minimizing waste from production activities and complying with international standards of production. Again the survey showed that the consumers were satisfied with the legal obligations of Nestle by stating ingredients on the packaging, ensuring quality standards in products quality and packaging standards and fulfilling the legal obligations of keeping the consumers well informed.

Another major responsibility that businesses have is ethical responsibility. Ethical responsibility of a business opens it's to a face that a business should comply by those norms and regulations of the society that are beyond legal responsibility and avoid violating societal norms and values. Such responsibilities for Nestle include meeting of advertisement standards, avoiding false

claims and not portraying such features of a product that the product cannot actually meet. They should also work to satisfy and address consumer rights, which include addressing to their complaints and conducting consumer surveys so as to know the sentiments of consumers on their product offering. The questionnaire response showed that many of the consumers did not paid much attention to press releases on Nestle, but they were vigilant about the product quality being offered to them. This is because most of the participants accentuated that they use Nestle products because it offered much better quality and hence ensured health and safety. They also shared that it is very important for them to be constantly reminded about the products and how advertisement played an important role by keeping them up to date with the company's product offering.

The philanthropic responsibility of businesses talks about contributing resources to society and undertaking of initiatives that are aimed at improving the quality of life in the economy. For Nestle philanthropic objectives is to depict a healthy socially responsible image includes voluntary internship programs, hosting concerts, interacting with consumers on special occasions like mother's day, friendship day etc. Nestle also aims at addressing concerns of disaster struck victims and address projects like education development in an economy to reinforce in consumers an image that the organization is not only profit oriented but also a good corporate citizen.

To conclude the entire consumer's perception about Nestles CSR initiatives towards the consumers, we developed a small section within the questionnaire survey to determine how it all culminates into brand image and customer loyalty. Although the consumers earlier complained about the high prices for the Nestle products but they were still willing to keep purchasing the product even if the prices increase and furthermore, they were even willing to go searching for the product if they cannot find it in one store. This was primarily because the consumers rated Nestle products high because of it high quality standards and therefore they were willing to make the extra effort to attain quality and healthy products. The result also showed that Nestle is an important part of their lives as the consume Nestle products when they are at work, on vacations and at homes. It is also important to note that consumers are

also aware of the increasing competition in the local market and hence, price could become an integral factor when it comes to the consumers buying patterns. Therefore, even though the local population has acknowledged its loyalty towards Nestle based on its quality standards, but they also realize that the alternatives are being available in the market so any drastic price hikes or any allegations against the production procedures of nestle will not go well with the informed consumers and they may switch to other brands.

6.1.2 Perceptions of Stakeholders on Nestle's CSR Initiatives through Interviews

Before we started the interviews as mentioned earlier we identified the key stakeholders for Nestle Pakistan's which are suppliers, shareholders and employees. We gave them a brief introduction about the concept of CSR and how does it create value for both the company and all the stakeholders.

Almost all of the stakeholders we interviewed thought that big companies like Nestle Pakistan undertake the process of CSR. They thought that the initiatives taken by these companies not only help create a stronger brand image but a stronger association of all the stake holders to the company. Furthermore all of the respondents thought that CSR is a very relevant issue, especially in a country like Pakistan where not much is being done.

Specifically speaking employees at Nestle both the prospective and current employees thought that bigger organization like Nestle need to put in more of an effort to the process. Talking to them on telephone clearly showed that the employees took pride in their company's effort in implementing CSR initiatives, they thought that the company really helped in improving working conditions for the employees, provided better environment, were given equal chance during recruitment process, job are publically publish to allow for fair opportunity and being a part of Nestle programs of personal and career development are held for the motivation of the workforce. Nestle holds carrier fairs for the new graduates and also has an online career page to stay in touch with the new job opportunities. In all Nestle depicted the traits of a good employer that has acquired access to motivated workforce that helps them increase the efficiency.

Both respondents interviewed Mr. Umar Altaf and Mr. Salman Akhtar, were of the view that Nestle's activities regarding poverty alleviation are highly appreciated and they felt a strong association with the company helping the poor. Nestle being a multinational has to follow rules from its parent company and the employees felt that they felt working for a world-class company and there wasn't any discrimination between the minorities. Nestle ensured high working standards with proper safety regulations being implemented. This helped the company retain its employees over a longer period of time. Employees felt strong loyalty towards the company and wanted to stay with the company for a longer period of time, this helped create value for Nestle in terms of higher employee motivation levels and reduction in employee turnover hence reducing the costs for the company. Respondents were of the view that internal factors if taken care could prove to be more important than the external factors, therefore it is necessary that the company pays a lot of focus on the employee wellbeing. If the employees are treated well they tend to enjoy their work and perform better. Better performance means better results and hence overall efficiency of the company; this will reduce the wastage for resources and hence create value for both the company. If we talk about the value creation for employees, better performance can mean better salaries.

Talking to the shareholder it showed that Nestle Pakistan has one of the best performing stocks in the current stock market giving them good profits. When talked about the CSR initiatives taken by Nestle we were surprised by the amount of knowledge that the shareholder had about Nestle CSR process. Mr. Pervez Ahmed was well aware of the situation of what the company was doing. He had the feeling that the CSR initiatives taken by Nestle were definitely helping the company increase its value. He believed that by following proper codes of corporate governance the company tends to perform well, moreover he thought the CSR initiatives taken were comprehensive covering all the social and financial aspects of business. He believed that Nestle was not only giving something to the society but in return was increasing its long run public image as well.

Mr. Pervez Ahmed was asked questions on a broader perspective, regarding financials and ethical practices. He was happy with the company's financial health and felt that Nestle through

its efficient operation will continue to grow in Pakistan. He thought that CSR is helping Nestle build a very strong market both in terms of sales and customers, suppliers, shareholders and employees. Everyone wants to be a part of the Nestle Pakistan family. He thought that by increasing the CSR efforts Nestle not only makes money but helps its stakeholders grow with them as well.

Suppliers were really hard to get in touch with, a lot of contacts were used to get a hold of a few of the suppliers but not all of them replied back. Suppliers had a mixed opinion about the CSR activities taken by Nestle Pakistan. Dairy farmers who were supplying milk to the company felt that the CSR initiatives taken by Nestle were helping them a lot. It helped them increase production and help them get better training. They felt that Nestle should put more focus on CSR so that relations could be further developed. Traders on the other hand supplying raw material to the company felt the other way they thought that the CSR was just a marketing gimmick being done by the company in order for them to get a better market share and increase their sales, but on the other hand they thought that Nestle was better in doing in something as compared to other companies who do nothing and just write CSR policies in their annual reports.

Talking to Mr. Babar Awan, one of the suppliers thought that CSR has to only deal with the social issues or poverty and the environment.

'CSR is mainly done by the companies to focus on the environment and social issues in the country, by doing this the company is portraying themselves as good in the country with a positive brand image'.

He was also of the view that Nestle is making an effort to go beyond the perceived image of CSR. Mr. Babar was of the view that:

'Nestle Pakistan is doing a great job in helping us train and better educate the workers, they help us finding better animals and help us get the proper diet for the animals helping us increase the milk production and profits'.

6.1.3 Perceptions of Stakeholders on Nestle's CSR Initiatives through Web sources

There have been incidents when Nestle Pakistan has broken the rules of conduct and has engaged in activities that goes against the CSR policies. Such cases include the restriction of trade union rights through fake supervisory positions. In countries like Pakistan, Nestle's management created hundreds of supervisory positions with no job authority and benefits to just restrict the workers from joining trade unions and have a voice of their own. There was a specific case in Nestle's Kabirwala water plant in Pakistan where the workers were not allowed to drink the bottled water that they themselves were producing. The workers had to go through the tough summers and bear the heat for 6 years until the union won the rights to have access to drinking water. There were also cases when the Nestle's management in Pakistan was involved in interference of the union elections through employee harassment, until in 2007 when the Labor court decided to give the unions the free right to conduct independent elections (Nestle corporate social responsibility, 2010).

On the other hand, a joint program between the UNDP (United Nations Development Program) and Nestlé Pakistan aims to train 4,000 women agricultural advisers, whose assistance and advice is helping to increase milk production among female dairy farmers in rural Pakistan. The field staff provides farmers with technical assistance and advice about animal health, breeding and fodder production. This has helped raise the quality and value of the milk produced which in turn increases the health and economy of the local community (Lady Livestock Workers Pakistan, 2010).

There have been cases when the Pakistani consumers have reported their concerns regarding the integrity of mineral water being 100% safe or not. Reports erupted in Pakistan that Nestle bottled water was not 100% safe as they claimed it to be, resulting in consumers pulling out of the purchase hence seriously hurting the image of Nestle as a health concerning brand (Company Profile, 2010).

6.1.4 Value Creation For Nestle Pakistan

Talking to the stakeholders gave us the perception that the stakeholders we interviewed had clear picture of Nestlé's CSR initiatives. They were aware of what Nestle was doing for them and they can expect from Nestle in the future. They were positive of the fact that Nestle being a multinational company operating in a developing country like Pakistan was taking up social issues seriously. They were happy of the fact that they are able to develop long-term relations with Nestle and can highly associate themselves with the company.

Suppliers were happy for the training and help they had received from Nestle, shareholders and employees were satisfied by the proper ethics being followed within the company. All In all the stakeholders thought that if Nestle continues with its CSR initiatives it would create a strong brand and public image, translating in to value creation for the company and the stakeholders. However, the facts that we were able to gather from other web sources revealed that like all business, Nestle's operations in Pakistan had been under scrutiny for wrong reasons as well. Nestle's interference in the workings of trade unions and then the concerns over the quality of its products among the nutrient cautious consumers showed the other side of business concerns.

Consequently, it seems that although Nestle is making a strong statement with its CSR policies and developing the family attitude with its stakeholders, on the other hand, it also has to come across business problems like trade union strikes during the course of operations. Being a multinational company in a developing country, Nestle is making inroads for the betterment of the society while facing normal business obstacles. We believe that Nestle CSR efforts are taken well by the stakeholders resulting in better supply of employees, who are highly motivated to work for Nestle, health cautious consumers demanding Nestle's Products, suppliers happy to learn new production techniques from the management and shareholders willing to invest in a company that holds a secure future. In all, it translates into better productivity, sound brand recognition and supply of finance for the business, culminating into value creation for Nestle.

Analysis Conclusion

The analysis shows that Nestle is able to achieve a separate identity for itself in the eyes of the stakeholders, giving it a competitive edge over the competition. The established brand image and good relations with the stakeholders enhance the value of the firm. It also is important for Pakistan, as companies like Nestle are doing a great deal to create a prosperous image of CSR in the local market. This can enable the other firms to be equally competitive and even compete on the international level.

6.2 Comparison of Corporate Social Responsibility (CSR) in Developing Countries, Pakistan and in Nestle Pakistan

As discussed in previous chapters, the concept of CSR is still evolving and it is still varying across different territories of the world. A global perception of CSR and its evolution was discussed in Chapter 3 of Literature Review, which focused on how CSR evolved from being a mere social concern to a whole new concept of operational efficiency and competitive advantage. But the take on CSR is still in its early age when it comes to developing countries. CSR in developing countries primarily aim at improving the social conditions of society i.e. poverty alleviation, environmental protection, equal rights for women and creating sustainable business opportunities. This means that CSR in developing countries is not formally integrated into the operations of the business, but just focuses on the social concerns of the society as shown in Chapter 4. This shows that developing countries still lack the intensity to incorporate CSR formally into the business world based on the poor economic conditions of the society.

CSR in Pakistan also follows along the lines of CSR in developing countries, focusing on the social issues and not integrating it within the business operations. But a multinational like Nestle working in Pakistan has a more comprehensive take on the issue of CSR including all spheres of business and other social aspects. A more comprehensive CSR in Nestle shown in Chapter 5, signifies and signals how an international company like Nestle shape the future of CSR in developing countries like Pakistan. With a more comprehensive agenda on CSR, Nestle can promote the concept of CSR among stakeholders, other local business and allow the local economy to grow through creation of new sustainable businesses in Pakistan. This will help the

economy to grow locally and internationally as the incorporated CSR achieve operational efficiency through satisfied stakeholders by adopting the CSR policies within its operations and not treating it as a separate cause. We reiterate the point of Porter and Kramer that CSR within company operations create competitive advantage for the company, hence, creating additional value for the company (Porter & Kramer, 2006).

Consequently, the concept of CSR is still at an early age in developing countries in comparison to the developed nations. Therefore, company's like Nestle working in developing countries like Pakistan gives a wider scope to the concept of CSR and will promote CSR as it comes of age with firms working. We see that CSR helps in creating value for the firm and its stakeholders, so with the concept of CSR growing in Pakistan, other firms will adopt CSR on the bases that it will create value for them. This acceptance of CSR is good for other local firms, for Pakistani economy and all the stakeholders involved.

Chapter 7

Conclusion

In this paper we attempted to illustrate the significance of Corporate Social Responsibility (CSR) in the global economy and its impact on all the stakeholders related to the businesses. In order to do so, we took a more streamlined and focused approach of illustrating the concept of CSR in developing countries and took a specific case of Nestle Pakistan. Our main focus was to determine the value that Nestle Pakistan creates through its stakeholders by adopting a comprehensive CSR agenda. In our research, we discussed the evolution of CSR and saw how the perception of CSR is still at an early age and focuses on the social issues of poverty, unemployment and rights for women. Multinationals working in developing countries have a more comprehensive approach to the principles of CSR, therefore, these international businesses working in developing countries will enhance the concept of CSR and make it more prevalent in the developing economies. The increased presence of the CSR policies will enhance the value of the firms by improving productivity, creating brand image and safeguarding stakeholder's rights. Consequently, the influence of the multinational companies will make the developing economies more attentive to the process of CSR as it adds value to the business.

CSR and Stakeholders

Businesses follow a strong relationship and influence from the stakeholders involved in the business. These stakeholders impact the business by being the productive workforce as the employees, by being the revenue source as consumers, by being the supply source as suppliers and by being the financier of the business as shareholders. Stakeholders are the operating mechanism of the business and CSR policies affects this mechanism. CSR initiatives taken by the firm positive impact the stakeholders in terms of confidence, trust and reliability on the business. As we saw previously, Nestle stakeholders we satisfied by the efforts the firm was taking for the betterment of the stakeholders, ending up creating value for the firm. A detailed CSR plan adopted by Nestle Pakistan was taken well by the stakeholders, as it culminated into

creating a family like culture within the organization and everyone was willing to be a part of the family.

CSR and value creation

We defined value creation earlier by anything that creates a competitive advantage for the firm. This competitive advantage can be created when firms Like Nestle carefully design the CSR agenda to positively impact the stakeholders. Our research showed that Nestle Pakistan was able to create a separate identity for itself in the Pakistani market because of its CSR initiatives. Firstly, by focusing on the consumers, Nestle was able to create the sense on trust with the consumers by assuring them quality products that provided health and nutrition. The consumers were satisfied by Nestle determination to keep providing them with healthy products and kept the consumers well informed during the while process. This established sense of reliability on a specific brand has created whole separate brand recognition for Nestle in the Pakistani Market. The reliable brand image of Nestle gives the firm a competitive edge over other competitor companies, hence, creating value for Nestle. Secondly, Nestle have also paid attention towards the satisfaction of other stakeholders like employees, suppliers and shareholders. Nestle active CSR policies not only keeps the hired employees motivated by giving them good working conditions and providing personal development, but also attract prospective employees who want to be a part of such a global organization that gives them equal job opportunity and employees also feel motivated to join such an organization which seriously takes up CSR and has a market recognition to it. Similarly, supplier also appreciated the help from Nestle by educating them on production techniques and improving productivity. This established a strong sense of relationship between the firm and suppliers and both benefit from such an alliance. Shareholders have been happy in the past by the performance of the firm. Nestle past performance can be attributed to the productivity of the workforce and its reliance on quality raw material supply. Therefore, the shareholders now feel financially secured by investing in a company which performs financially, discloses all its information to the stakeholders and also participates in the social upbringing causes. This all culminates into creation of value for Nestle with productive workforce, reliable suppliers and trusting

shareholders. These entire attributes contribute to the value of Nestle and the enhanced image of CSR in Pakistan.

The above research shows that CSR is an integral part of business policies; moreover, it's a requirement for the business to create a separate identity for themselves in the eyes of the stakeholders. CSR helps in establishing a competitive edge over the market, creating additional value for the firms. CSR in developing countries is still emerging and with the operations of companies like Nestle in the developing economies like Pakistan assist the developing economies to grow and compete on the international level.

Future Research

More research can be done on this subject of CSR in the developing countries as it is still a novel concept. Further research can look into how the concept of CSR is evolving in the developing economies and how the presence of multinationals working in the developing countries promotes the emergence of CSR. The research can focus on how the presence of the international companies with broad CSR agendas in their business policies help promote the concept and practice of CSR in the developing nations, and furthermore, how the new outlook of business in developing countries assist them at competing on the international level.

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Appendix 1: Questionnaires form Consumers

Questionnaire of Consumers

My name is Ahsen Humayun. I am a student of MSc Corporate and Financial Management in Lund University, Sweden. As a requirement for the completion of my degree I need to write a thesis. The topic of my thesis is ***Corporate Social Responsibility as a tool for value creation; a study of Nestle Pakistan.*** Your participation through helping me fill this questionnaire would be of outmost importance to my work. All information, which you intend to provide, would be used entirely for educational purpose and would not be revealed to anyone else.

The following study is designed to reveal your opinion/sentiments based upon experience regarding Nestle. Please answer the following questions only if you are/were a frequent user of Nestle products.

Remember: There are no right or wrong answers. Kindly give free opinion based upon your experience

Name _____

Age _____

Occupation _____

Address (business or residential) _____

Household Income _____

Economic responsibility of firms towards Consumers

Q1) Does Nestle provides or ensures widespread accessibility of its products through mass availability at shopping outlets.

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q2) Does Nestle provides you with multiple ordering options through telephone, mail or Internet.

Never	Just now and then	Some of the time	Most of the time	All of the time
1	2	3	4	5

Q3) Please rank the following quality attributes of Nestle products based upon your experience of usage.

	Not	Not very	Neither	Fairly good (4)	Very good
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	good at all (1)	good (2)	good nor bad (3)		(5)
Purity	1	2	3	4	5
Freshness	1	2	3	4	5
Packaging (label and information content)	1	2	3	4	5
Convenience handling	1	2	3	4	5

Q4) Are you satisfied with the price that Nestle charges for its products?

Very dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Very satisfied
1	2	3	4	5

Ethical responsibility of firms towards Consumers

Q5) How frequently does Nestlé provides you with access to widely available information sources so as to educate you about a product offering?

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q6) How frequently have you come across the following information sources when purchasing Nestle products, that has enabled you to have a better understanding of the product?

	Hardly ever (1)	Sometimes (2)	Often (3)	Very often (4)	All of the time (5)
Product catalogs	1	2	3	4	5
In store sales staff	1	2	3	4	5
Commercial media advertisements	1	2	3	4	5
Company tours	1	2	3	4	5

Q7) Comparing actual attributes of Nestle offerings with the attributes that Nestle promises in its advertisements, how satisfied are you regarding Nestlé keeping its promises?

A few promised advertised attributes are

	Very dissatisfied (1)	Somewhat dissatisfied (2)	Neither satisfied nor dissatisfied (3)	Somewhat satisfied (4)	Very satisfied (5)
Health	1	2	3	4	5
Purity	1	2	3	4	5
Freshness	1	2	3	4	5
Society giving	1	2	3	4	5
Community interaction	1	2	3	4	5

Q8) How far do you agree with the following statement?

Nestle discloses all relevant information about its products through advertisements and avoids false advertisements claims

Not at all true	Not very true	Somewhat true	true	Very true
1	2	3	4	5

Q9) What are the key elements of Nestle product offerings which are of interest to you?

	Not at all interested (1)	Not very interested (2)	Somewhat interested (3)	Interested (4)	Very interested (5)
Price	1	2	3	4	5
Purity	1	2	3	4	5
Endorsement through credible spokesperson	1	2	3	4	5

Mineral content	1	2	3	4	5
Availability	1	2	3	4	5

Q10) How interested are you in product endorsement through credible opinion leaders (celebrities)?

Not at all interested	Not very interested	Somewhat interested	Interested	Very interested
1	2	3	4	5

Q11) How far do you agree with the following statement?

Nestle endorses its product through credible opinion leaders (celebrities)?

Not at all true	Not very true	Somewhat true	true	Very true
1	2	3	4	5

Q12) Based upon the advertisements that Nestle uses to endorse its product, which statements do you agree/disagree with

	Not at all true (1)	Not very true (2)	Somewhat true (3)	True (4)	Very true (5)
Nestle does not show ads that depict violence	1	2	3	4	5
Nestle does not show ads in which underage children are shown using anti social products	1	2	3	4	5
Nestle does not show ads that are against cultural norms	1	2	3	4	5

Q13) Have you ever witnessed or physically been part of a consumer survey conducted by Nestle so as to know your sentiments on their product?

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Legal responsibility of firms towards Consumers

Q14) How far do you agree with the following statement?

Nestle discloses the ingredients used in the production of its offerings uses recyclable packaging for its product so as to minimize waste and avoid environmental pollution

Not at all true	Not very true	Somewhat true	true	Very true
1	2	3	4	5

Q15) How far do you agree with the following statement?

Nestle in production of its products strives at achieving the highest quality standards so as to ensure maximum quality and minimal environmental degradation.

	Not at all true (1)	Not very true (2)	Somewhat true (3)	True (4)	Very true (5)
Production compliance	1	2	3	4	5
Environmental compliance	1	2	3	4	5

Philanthropic responsibility of firms towards consumers

Q16) Have you ever witnessed physically or came across through advertisement mediums or friends informing you of any social events being hosted by Nestle?

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q17) Being a Nestle consumer, does nestle attempts to interact with you on events like mothers day, friendship day or eid through media advertisements

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Consumer loyalty

Q18) If Nestle increases the price of its mineral water by the following percentages, how would this effect the frequency of your buying

If the price goes up by following percentages how frequently would you still continue to buy it?

	Hardly ever (1)	Sometimes (2)	Often (3)	Very often (4)	All of the time (5)
Price goes up by 10 %	1	2	3	4	5
Price goes up by 15%	1	2	3	4	5
Price goes by 20%	1	2	3	4	5

Q19) If you are unable to find Nestle product at the store nearest to your present location, how frequently have you run to another store to obtain it

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q20) how far do you agree with the following statement?

One of the objectives of Nestle is to provide its customers with supreme quality product unmatched by its competition

Not at all true	Not very true	Somewhat true	true	Very true
1	2	3	4	5

Q21) Do you carry nestle products to your work?

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q22) When going on a holiday with your family/friends do you carry nestle products along.

Never	Rarely	Sometimes	Often	Very often
1	2	3	4	5

Q23) how far do you agree with the following statement?

Nestle aims at providing its customers with products that adds value to their daily life

With respect to nestle please rank the following attributes of value

	Strongly disagree (1)	Disagree (2)	Somewhat (3)	Agree (4)	Strongly agree (5)
Health	1	2	3	4	5
Safety	1	2	3	4	5
Freshness	1	2	3	4	5

Q24) If someone comes and tells you that the source through which nestle obtains its raw material *is not safe and pure*, based on your experience with nestle how strongly would you agree/disagree to him

Strongly disagree (1)	Disagree (2)	Somewhat (3)	Agree (4)	Strongly agree (5)
1	2	3	4	5

'Thank you for your time and Co-operation. Your participation is highly acknowledged and would be of great significance to my work. The information that you have revealed through this questionnaire would be used only for academic purpose and would not be shared with any one else'.