

Operations of Corporate Social Responsibility in Business process of Sri Lanka

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සුභසාධනය, සමාජීය කටයුතු පිළිබඳ ප්‍රතිඥාතාත්වය, භාණ්ඩ පරිත්‍යාග යනාදිය ප්‍රධාන වශයෙන් සාමූහික සමාජ වගකීම් තුළ අන්තර් ගත වේ. ප්‍රජා කටයුතු, ව්‍යාපාරික කර්තව්‍යයන්, මානව ප්‍රාග්ධන ක්‍රියාකාරකම්, නිෂ්පාදන කටයුතු, නිෂ්පාදන සහ බලශක්ති ක්‍රියාකාරකම් යනාදී ප්‍රධාන ක්‍රියාකාරකම් හයක් සාමූහික සමාජ වගකීම් සංකල්පය තුළ අන්තර්ගත වේ. සංවර්ධිත රටක් ලෙස ශ්‍රී ලංකාවේ ව්‍යාපාරික ප්‍රජාව තුළින් සාමූහික සමාජ වගකීම් උත්පාදනය කර ගැනීම පහසු කටයුත්තක් නොවේ. මන්ද අඩු යටිතල පහසුකම් සහ උසස් ජීවන තත්ත්වයක් ලඟා කර ගැනීමට නොහැකිවීම යනාදිය කාරණා තුළින් සංවර්ධිත ඉලක්ක කරා ලඟා විය නොහැකි වීමට හේතු වී තිබේ. සාර්ථක ව්‍යාපාරික ක්ෂේත්‍රයන් තුළින් මෙම සංකල්පය ක්‍රියාවට නැංවීම ඉතා පහසු කටයුත්තක් වේ. එබැවින්, සාමූහික සමාජ වගකීම්වල ක්‍රියාකාරිත්වය ශ්‍රී ලංකාවේ ව්‍යාපාරික ක්ෂේත්‍රය තුළින් අධ්‍යයනය කිරීමට මෙහෙදී අරමුණු වේ. ඒ සඳහා ප්‍රධාන වශයෙන් ප්‍රථමික දත්ත භාවිත කළ අතර කර්මාන්ත, සන්නිවේදන, බලශක්ති සහ බැංකු යන ක්ෂේත්‍ර නියෝජනය වන පරිදි ව්‍යාපාරික ආයතන දහයක කළමනාකරණ ක්ෂේත්‍රයේ නියෝජිතයන් තිස් දෙනෙකුගෙන් තොරතුරු සහ දත්ත එක් රැස් කරන ලදී. ප්‍රජා ක්‍රියාකාරකම්, ව්‍යාපාරික සහ පාරිසරික ක්‍රියාකාරකම් ක්‍රියාවට නැංවීම වෙනුවෙන් 80%ට වඩා දායකත්වයක් ව්‍යාපාරික ප්‍රජාව තුළින් ලබා දී තිබුණි. 50% ක දායකත්වයක් නිෂ්පාදන ක්‍රියාකාරකම් සඳහාද 20% ක දායකත්වයක් බලශක්ති ක්‍රියාකාරිත්වය සඳහා ද ලබා දී තිබුණි. සමස්තයක් ලෙස 70% ක දායකත්වයක් සාමූහික සමාජ වගකීම් ඉටු කිරීම වෙනුවෙන් ව්‍යාපාරික ප්‍රජාව තුළ වාර්තා විය. සාමූහික සමාජ වගකීම් සංකල්පය නිසි ලෙස ක්‍රියාවට නැංවීම තුළින් එමගින් බොහෝ ධනාත්මක ප්‍රතිඵල ලඟා කරගත හැකි වේ.

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Introduction

In the past decade, corporate social responsibility (CSR) has become a popular buzzword for practitioners, scholars, civil society organizations (CSO), state institutions and Medias. The argument is that through CSR business can create a 'win-win' situation, as CSR can generate shared value for both the firm and society (Hart 1995, Husted and Allen 2000, Porter and Kramer 2002, 2006, Zadek 2004). This phenomenon has also reached developing countries. However, interesting issues arise when focusing on CSR in least-developed countries, as Sri Lanka for instance differs significantly from more developed countries in Europe and North America. In recent times, the issue of corporate social responsibility (CSR) has been given a lot of attention by both business and various stakeholders. Companies are under increasing pressure from society to take their social responsibility. The European Union defines CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.

Problem statement

Through the concept of CSR is quite new to Sri Lanka, it is widely spread all over the world. Many countries are carrying out CSR concept and earning benefits from that. CSR concept is not generally accepted in the business enterprises in Sri Lanka in which does not identified the company act of CSR concept. Nevertheless, everyone agrees that there should be a social responsibility in the business enterprises in which some large companies such as JoneKells, MAS Holdings, and ODEL follow the concept. Hence, the research is attempted to study the ways of practical applicability of CSR and benefits of the CSR in business process in Sri Lanka.

Objective of the study

The objective of the study is to analysis the implementation of corporate social responsibility (CSR) principles in business process in Sri Lanka. The specific objectives are to study the CSR principles and identify the future improvements in utilising CSR concept.

Methodology of the study

Primary data were collected using the interviewer administered questionnaire: the basic events of corporate social responsibility including community, product, business practices, environment and energy related event. These data were collected from management or core workers who are from the business process in Sri Lanka. Hence, sample frame was thirty respondents from ten companies representing industrial, telecommunication, energy and banking. Secondary data were collected from annual reports, internet, textbooks, magazines and other research sources. Data were analysed using descriptive method; charts, ratios, tables and figures. When study the operations of CSR application in business, tables were effectively used on the basis of percentages.

Corporate Social Responsibility events

Corporate social responsibility events can be categorized in to six ways which are community, human Resource, business practises, environment, product and energy activities.

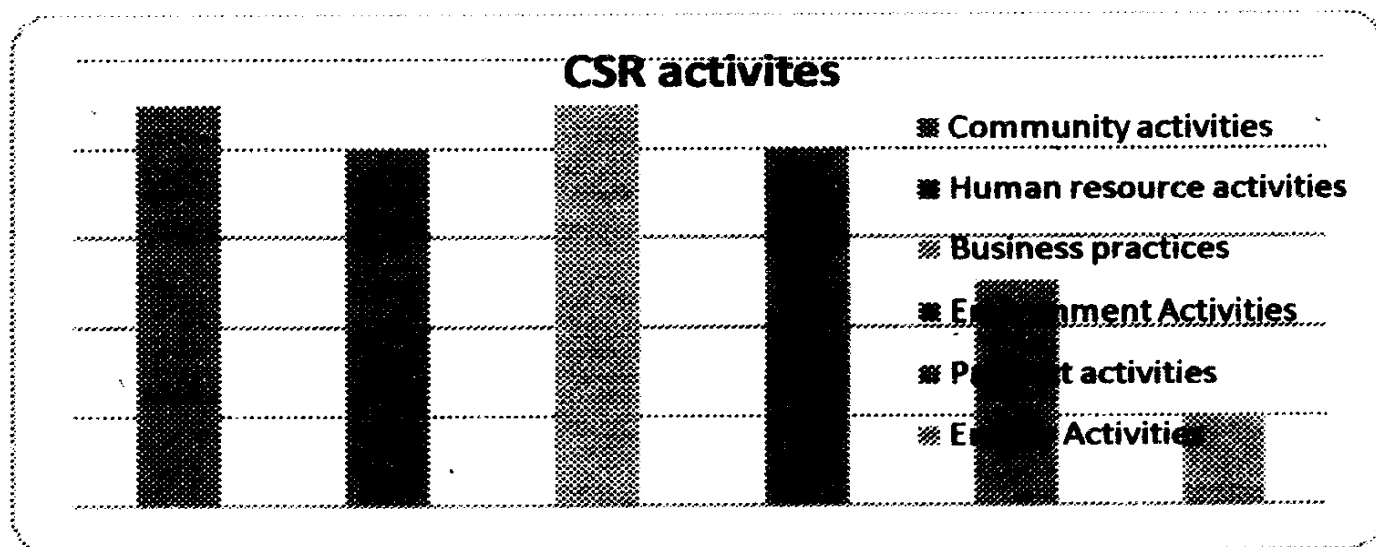
Table 01
Corporate Social Responsibility activities

Corporate Social Responsibility events	Companies' contribution
Community activities	90%
Human resource activities	80%
Business practices	90%
Environment Activities	80%
Product activities	50%
Energy Activities	20%

Source: Survey data- 2011.

There are grater improvements of community activities and business practises noted with 90 percent as shown in table 01. Human resource activities and the environment activities are in satisfactory level with 80 percent. All the companies engaged in one or more items of CSR events. However, there is less attention for the energy activities which is given by 20 percent.

Graph 01



Source: Survey data- 2011.

According to the table 02, 70% of the companies clearly apply CSR policies for many activities. MAS' Holding company and Hayleys Company are broadly engaged with the CSR concept. 30% of the companies apply the CSR policies for few operations. In the banking sector, have recorded the less activation of CSR events, however they have engaged with one or two polices of CSR. In spite of industrial and telecommunication sector have better activities of the CSR concept, in the banking sector can be seen a less activation for this concept.

Table 02
Applicability of CSR

Applicability	Companies' contribution
clearly applies	70%
apply	30%
not apply	0

Source: Survey data- 2011.

Operation of CSR in business process in Sri Lanka

Community Activities in business practise

Community activities are the most popular activities among the companies in which these activities engage with many ways. 80% of the firms have a policy for the necessity of community activities regarding operations of the CSR events. Every company is engaging with more than two activities in the community event. Some companies use the CSR methods to enhance community's welfare in which Sri Lanka Telecom (SLT) awards the scholarships to students and MAS Holding company engage with some donations to the cancer hospital.

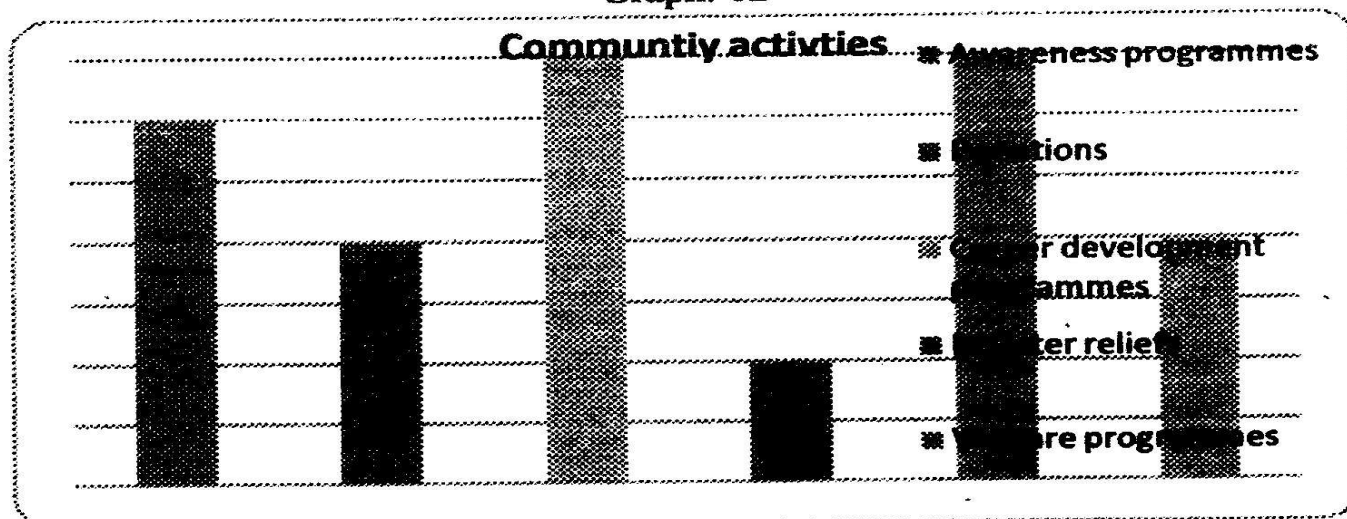
Table 03
Community Activities

Community activities	Companies
Awareness programmes	60%
Donations	70%
Career development programmes	40%
Disaster reliefs	20%
Welfare programmes	70%
Sponsorships	40%

Source: Survey data -- 2011

Welfare programme carry on 70%, which is for donations to the community. 40% of work is in career development programmes and sponsorships. End of the civil conflict situation, most of the companies has given their attentions for the disable soldiers and have helped to build such programmes like "Ranavirusewana". Dialog and Sri Lanka Telecom (SLT) have presented some donations and partnerships in many ways in which public awareness of these community projects is largely influenced for the campaigns of the companies.

Graph: 02



Source - Survey data- 2011.

Human Resource activities in business practise

Facilitate to decision making, personal development and initiatives, training programmes includes conducting e-learning courses, seminars and workshops to enhance own skills and capabilities, welfare facilities providing such as medical and loan facilities, death donation, sport activities and festival programmes are related to the human resource activities. Improve the quality of life through increasing the employability of families to enhance their quality of life. Employee evaluation programmes can be done through conducting award ceremonies and giving scholarships. Build up friendly environment and infrastructure facilities, supporting to each other will be help to create good working environment through the human resource activities.

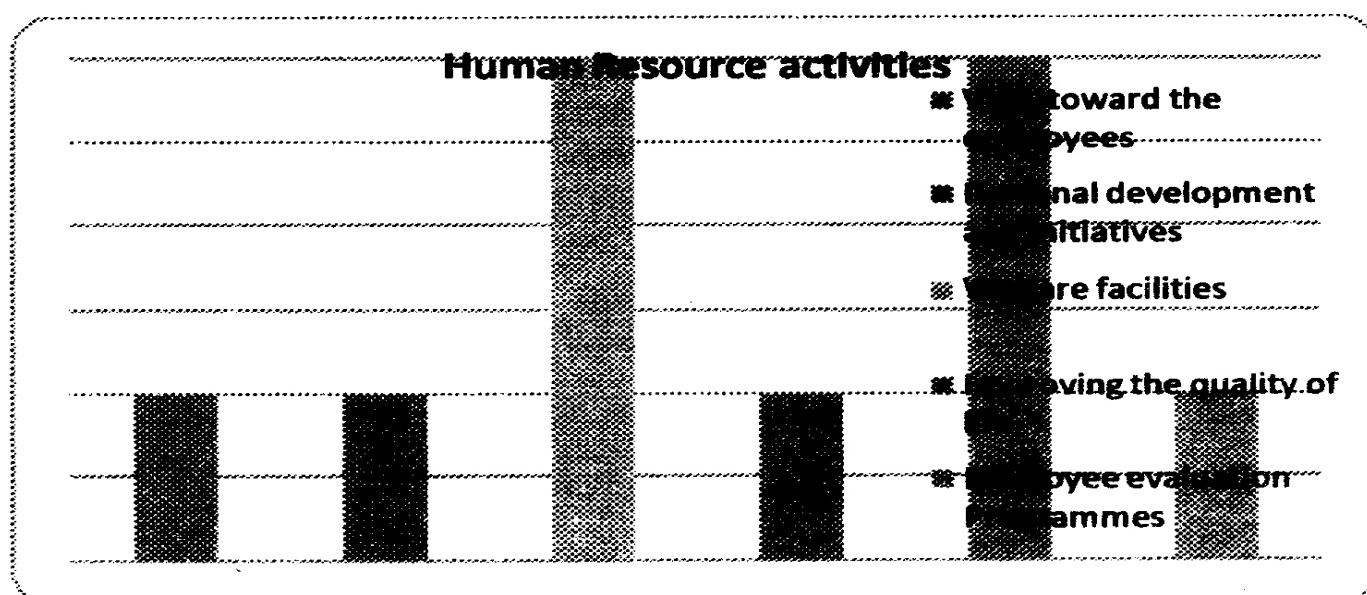
Table 04
Human Resource Activities

Human Resource activities	Companies
View toward the employees	20%
Personal development and initiatives	20%
Welfare facilities	60%
Improving the quality of life	20%
Employee evaluation Programmes	60%
Good working environment	20%

Source: Survey data- 2011

There is a fashionable trend from the human resource activities. In order to, most of the companies have established a human resource unit in the company for hoping to give better attention to the employees in working environment. 60 percent of human resource activities in the companies are welfare related, 40 percent of employee evaluation programmes are directed towards health and safety system. Some companies do not seem to fully understand human rights such as discrimination. Further, most of the companies do not have understand that human rights which is an essential part of CSR.

Graph 03



Source: Survey data- 2011.

Business Practices

Business practices mostly affects for the customers and shareholders. If there is a better business practises which can easily achieve their economic prosperity. The factors that have related with the business practices such as good customer relations such as enhance the knowledge on customer product and services, an aim of providing better service to the customers and reduce the transaction cost, respect to the customers which mean provide the information on available facilities, ensure safety in operation including shareholders and employees relating to new technology, building value for shareholders and customers can be done through the development of stakeholder engagement action, improving performance, providing good quality and create new

opportunities for customers and shareholders . And also include policy toward society, environment etc.

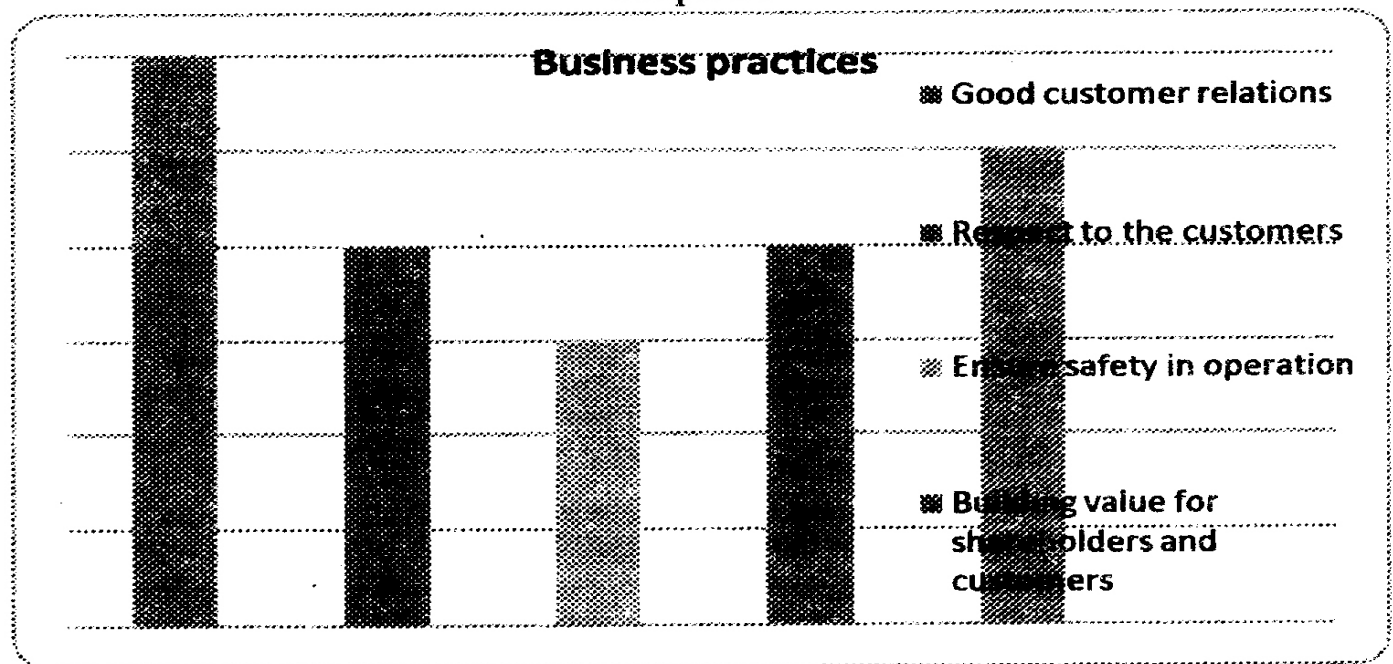
Table 05
Business Practices

Business Practices	Companies
Good customer relations	60%
Respect to the customers (human rights)	40%
Ensure safety in operation	30%
Building value for shareholders and customers	40%
Policy toward society, environment ,etc	50%

Source: Survey data- 2011.

According to the table 03, companies have applied business practice activities in which 80% of the companies have good business practices. 60 % of business events were for attention to good customer relations particularly Dialog and Sampath Bank. Building value for shareholders and customers represent by 40% in these companies. Although 30% of companies ensure the safety in operations, some companies are in satisfactory level.

Graph 04



Source: Survey data- 2011.

Environment Activities in Business Process

Policy toward the environment, cleaning programmes for Public places, workshops and awareness programmes for the preserving heritage, tree planting programmes, public awareness programmes and recycling are the activities related to the environment. Companies should have a responsibility to protect the environment today against to the heavy environmental pollution aiming for future.

Table 06

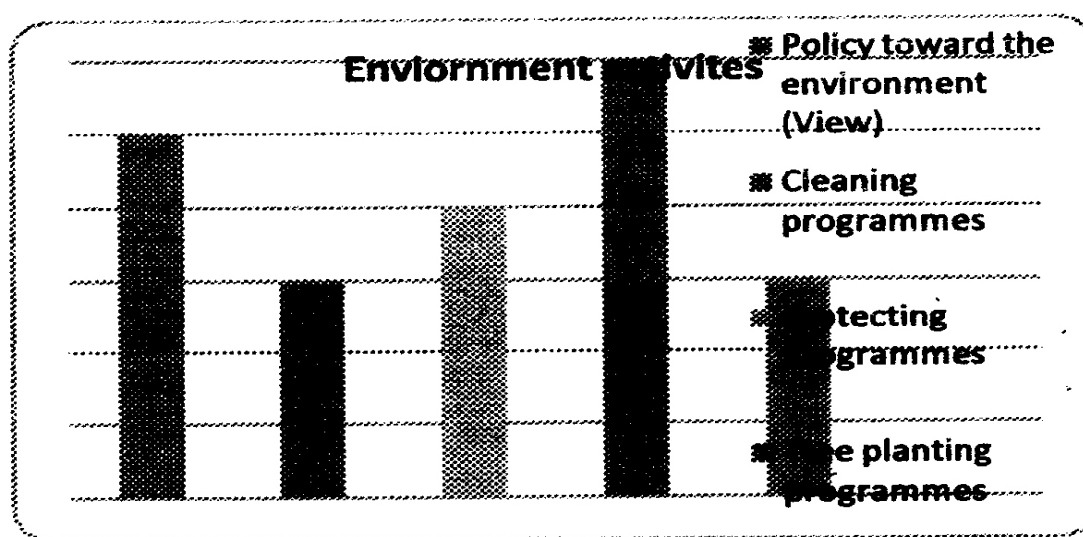
Environment Activities

Environment Activities.	Companies' contribution
Policy toward the environment (View)	50%
Cleaning programmes	30%
Protecting Programmes	40%
Tree planting programmes	60%
Public awareness programme-s	40%
Recycling	0

Source: Survey data- 2011.

Companies have better level of practicing environment activities in which many activities are focusing for developing the environment. Most of the companies are organizing tree planting campaigns in which Lanka IOC is practised highly. Otherwise, 50% of companies engage in tree planting programmes. Some companies have dedicated to trained human skill for environmental protection in which Hayleys Pvt. Lt is dedicated highly. These companies operate as a responsible unit for central environmental issues. Material recycling and use of recycled materials are not practiced by these companies.

Graph 05



Source: Survey data- 2011.

Product Activities in Business

Product activities are related with environment friendly product, high quality product and services, competitive price such as reducing the product price according to competition and

improve the services of product, usage of new technology such as computer technology, new machines and equipment so on.

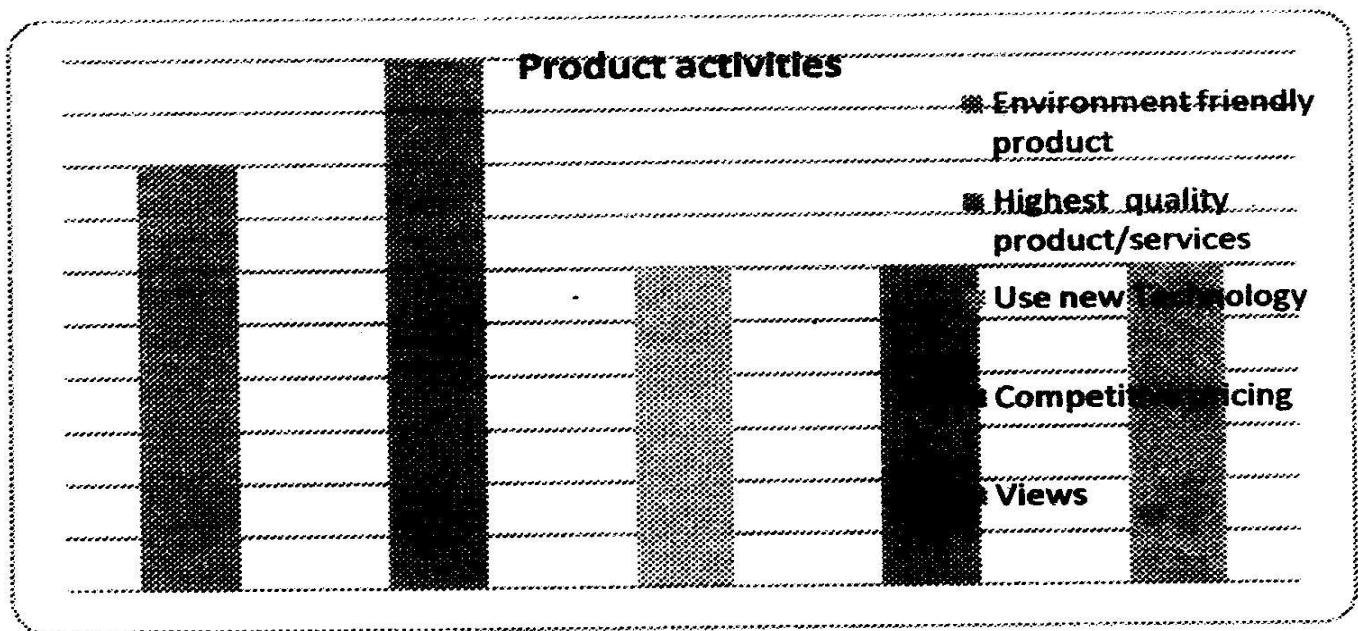
Table 07: Product Activities in Business

Product Activities.	Companies.
Environment friendly product	40%
Highest quality product/services	50%
Use new Technology	30%
Competitive pricing	30%
Views	30%

Source: Survey data- 2011.

60% of contribution has given from product activities in the business process in Sri Lanka. Use of new technology, competitive pricing and other aspects are represented by 30%, which are indicated a lower improvement level. Most of the companies are dedicating to produce environment friendly products, which was recorded by 40% of improvement.

Graph 06



Source: Survey data- 2011.

Energy Activities

There are main two factors engaging with energy activity; effective use its mean that effective water and electricity consumption. Another one is making green energy including solar power. Currently, energy has become a valuable factor in the world and also it is becoming a scarce resource to save for the future.

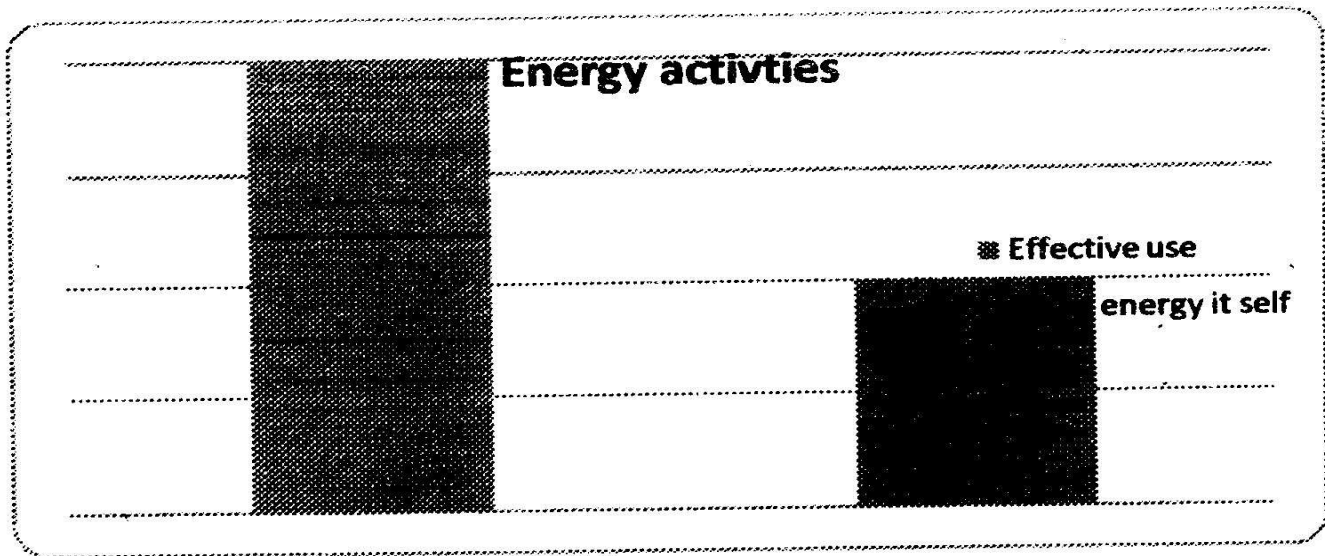
Table 08: Energy Activities

Energy activities	Companies
Effective use	20%
Make energy it self	10%

Source: Survey data- 2011.

Sri Lankan business process has given less attention for energy activities which was only 20 percent. MAS holding and Hayleys companies are engaging with effective use of energy. Others are just concerned in which some are trying to produce energy using solar power.

Graph 07



Source: Survey data- 2011.

Future improvement of corporate social responsibility

Table 09

Future improvement of corporate social responsibility

CSR events	For improvement
Community activities	10%
Human resource activities	20%
Business practices	10%
Environment Activities	20%
Product activities	50%
Energy Activities	80%

Source: Survey data- 2011.

80 percent with higher attention have to be given for the energy activities for future development, but, MAS holding and Hayleys companies are engaging with these. Most of the companies are making an attempt to install some energy activities to save and produce energy in the future. Next attention should be given to the product activity in which has saved 50% of improvement. Companies are hoping to attach new technology to improve the quality and service.

Discussion

Corporate social responsibility may be able to support to development. Early in the period, companies are willing to maximize their profit in which there was not pay for attention to CSR. Establishing a stable position in the business, there is a trend to practices corporate social responsibility events. Most of the peoples who lives in rural areas, are suffering from lack of infrastructure facilities. In order to that companies can provide facilities to uplift their living where the government not be able to supply all facilities to many areas in which the concept may be very helpful also for the government.

Some corporate social responsibility activities are not clearly applied in business process in Sri Lanka. Some companies are planning to engage in these activities in future. Under the environment activities, companies don't have identified the recycling activity. That is very important for future. According to the analysis these companies should give attention to the product and energy activities, although don't have the many benefits. As a new practice in Sri Lankan companies, there should have a good attachment with this concept.

Corporate social responsibility policies must evolve with the business process as being good corporate citizen is good for business is becoming more popular. The business community is more than aware of the need to bridge the differences and create a more equitable society. It is also generally recognized that more equitable society will also expand the market base for business.

According to the analysis, community activities and business practices in CSR are largely utilised by the companies. Energy activities were not given a proper place. Sri Lankan civil society does not aware of the real meaning of CSR in business. However, there is little evidence for internal CSR policy operations in companies. This is not the themes of public interest like better working conditions for employees, gender equality, equal opportunities, truth in advertising etc.

Most of the populations are in rural areas. So business must discover that the rural people constitute a potential market as well as a good credit risk. As such, there should be support from the corporate sector to enable the government to decentralize and improve services in infrastructure, healthcare, education and energy in order that the gap between the rural and urban areas is reduced. Then, there will be a real linkage between CSR and sustainable development.

The better awareness of CSR will have many positive effects on the country as a whole. Therefore, there is a need to establish standards for CSR which can measure. Measurement will enable the development of a rating system based on specific industries. This will enable customers, financiers and investors to choose to deal with business that is practising CSR as an integral part of business.

To carry out the research and development in the areas related to corporate social responsibility, it is recommended that a centre for CSR studies be established to develop a knowledge bank on CSR practices based on Sri Lankan culture and traditions. There must be policy level seminars, and discussions about CSR and creating specific courses in business schools in CSR and establishment of a Sri Lankan standard for CSR.