Cooperate Social Responsibility and Sustainable Development: A Case Study of Engro Fertilizer Dhahrki-Sindh-Pakistan

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Abstract

Cooperative Social responsibility is of great significance for the sustainable development of the whole society as well as every enterprise. Data were collected from 200 stakeholders and 500 local people from Dhahrki and their vicinity. Structural questionnaire were developed for the reliability and validity of the data. It was revealed that Engro fertilizer has established school, hospital and other facilitiers for the local people for the betterment. It was further revealed that importance on the interests of employees, consumers as well as the whole society, hence promoting the sustainable development of our enterprises and the harmonious progress of our society.

Keywords: Social responsibility, Private enterprise, Sustainable development

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Definition and Features of Corporate Social Responsibility

Ever since the 1990s, the concept of corporate social responsibility has enjoyed increasing world reputation. World Bank defines corporate social responsibility as an aggregation including enterprises’ relationship with others close to them in interests, their values, conformity to laws and
regulations as well as some relevant policies and practice showing respect for human beings, community and environment. It is a responsibility taken up by enterprises for sustainable development in order to improve those interest-related people’s living quality. While, according to the European Union, it is defined as “enterprises’ efforts to integrate their concerns with society and environment in their operation as well as their interaction with those interest-related people based on their resources”. Besides, it is defined by Business for Social Responsibility as “achieving business success by showing respect for moral values as well as for human beings, community and environment”.

According to all the above definitions, it is clear that in addition to their traditional economic roles, enterprises are also expected to play their social roles as “agents” in order to guarantee the sound operation of market economy. As the agents of social resources, enterprises should serve not only their shareholders, consumers and employees but also the whole society. Therefore, its general connotation refers to enterprises’ responsibility in many ways to guarantee social welfare, stability and development, which includes (1) enterprises’ responsibility for their owners by guaranteeing profit and development, (2) enterprises’ responsibility for their consumers by providing good and cheap goods, (3) enterprises’ responsibility for creditors by paying off debt on time, (4) enterprises’ responsibility for employees, including good salary, favorable working conditions, opportunities for training and promotion, (5) enterprises’ responsibility for government and community by paying taxes, profits, fees legally and providing equal employment opportunities in order to improve social and political stability and economic prosperity, (6) enterprises’ responsibility for social environment mainly by protecting and treating environment in order to provide a better living place for residents.

According to the above detailed analysis, there are two layers of features in corporate social responsibility. First is the social responsibility imposed by laws and regulations, such as safe production, environmental protection, product quality, after-sale service and so on. This kind of responsibility is normally imposed by force by relevant laws, regulations and industry standards. Second is the spontaneous social responsibility required by morality and values, such as higher environmental protection standards, higher quality standards and charity and so on. This is based on the recognition of the harmony among human beings, nature and society in our corporate culture, reflecting entrepreneurs’ humanistic quality and values with the former as the premise and base for enterprises’ survival and the latter as an important factor for enterprises’ constant profit. Therefore, a socially-responsible entrepreneur should realize that

First, in the aspect of its development course, the development
of private economy should be attributed to the policies made by CPC and government as well as the support of the whole society. Therefore, benefiting most from reform and opening, private enterprises are expected to hold their social responsibilities, develop their production, create great wealth, hand in taxes, provide more jobs, satisfy people’s material and cultural demands and hence to contribute for social stability and harmonious society in addition to enjoying better environment for their development created by government and the whole society.

Second, in the aspect of consumer protection, it is beneficial for the sustainable development of enterprises as well as the harmony of the whole society. As small or medium-sized enterprises, most private enterprises in China deal with dispersed and mobile clients, so it is hard to be known among clients whether they stick to responsible operation. Furthermore, due to their changeable business ranges, enterprises put little importance on the comments they receive from others, hence resulting in some irresponsible actions, such as manufacturing fake and inferior commodities. Their irresponsibility for consumers has created a very bad impression on the whole society and consequently, has damaged their own images as well as hindered their own development. Seen from the above, it is beneficial for enterprises themselves to establish a strong sense of social responsibility in order to achieve recognition and supports among consumers.

Engro Fertilizers Limited is a wholly owned subsidiary of Engro Corporation and a renowned name in Pakistan’s fertilizer industry. Engro holds a vast, nationwide production and marketing infrastructure and produces leading fertilizer brands optimized for local cultivation needs and demand. Engro is also a leading importer and seller of Phosphate products, which are marketed extensively across Pakistan as phosphatic fertilizers.

Our extensive market development activities have ensured a sustained pull for our primary and secondary fertilizer products and sellout productions since launch. Engro Fertilizers Limited enjoys loyal customer base across Pakistan owing to its trusted fertilizer brands and continual farmer assistance in training and education.

Engro Fertilizers Limited was incorporated in June 2009, following a decision to demerge fertilizer concern from its parent company Engro Chemical Pakistan Limited. The continual expansions and diversifications in its enterprises necessitated a broad restructuring in Engro Chemical operations and management. To facilitate better oversight, Engro Chemical Pakistan was converted into a holding company named Engro Corporation, and its fertilizer business was subsequently demerged to a newly formed Engro subsidiary –Engro Fertilizers Limited.
Engro’s fertilizer manufacturing facility at Daharki has been experiencing ongoing expansion. This, coupled with distinct dynamics of highly nuanced fertilizer industry warranted an independent and dedicated business entity and approach. The demerger of fertilizer concern was approved by High Court of Sind on December 9th, 2009, making it effective as of January 1st 2010.

Engro Fertilizers is poised to become the leading urea manufacturer in the country following major upgrading of its manufacturing capabilities. ENVEN 1.3—a tremendous expansion in Engro’s urea manufacturing facility went into production in November 2010 and looks set to end Pakistan’s near-term urea imports, leading to benefits of an expanded local urea base and savings in national exchequer.

Engro is a dynamic company driven by a vision to improve productivity and lifestyle for thousands of farmers across Pakistan. Engro Fertilizers Limited has earned itself a distinguished name by continually striving to uphold its tradition and trust of its loyal consumer base.

**Sustainability**

Since inception, Engro has recognized that a positive relationship with key stakeholders guarantees long-term success for any enterprise. We base our relationships on trust and equity, capturing the essence of what sustainability means to Engro and its partners.

Today Engro is renowned as a successful and conscientious company which gives due regards to high ethical standards and community empowerment. We continually work to soften our environmental impact, create viable opportunities for our workforce, evolve more efficient and effective work processes and engage in socially responsible initiatives. At Engro, we believe in sharing the fruits of our successes with our partners, stakeholders and human resource equitably.

Engro has long believed in its commitments to society and national fabric. Our endeavors towards diversification and enterprising new business ventures are firmly rooted in our corporate citizenship goals and realization of social responsibilities. As community development emerges into a mainstream management consideration, Engro finds itself at an advantage owing to its rich history of shaping positive changes in its surrounding environment.

**Literature Review**

The fundamental idea of CSR is that business corporations have an obligation to work towards meeting the needs of a wider array of stakeholders (Clarkson, M.: 1995). Corporate social responsibility is the notion that
corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Jones, T.M. (1980). CSR as essential for successful business operations and as an opportunity for business to look beyond narrow economic returns and take the wider social concern into consideration (Jackson, I. and J. Nelson: 2004). CSR is a set of management practices that ensures the company maximizes the positive impacts of its operations on society or “operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business” (Business for Social Responsibility: 2001. CSR is about how companies manage the business processes to produce an overall positive impact on society. Baker, M. (2003). The management approach of CSR is more or less implicitly about meeting the demands of (primary or key) stakeholders today in order to secure resources, which are vital for the company’s performance in the near future (Frooman, J.: 1999). On the contrary, CSR initially put emphasis on social issues like human rights and working conditions. As the environmental movement gained momentum, environmental issues were increasingly embraced as social issues in a broader sense (Marrewijk, M. van: 2003). Keith Davis argued that social responsibility referred to ‘businessmen’s’ decisions and actions taken for reasons at least partially beyond the firm’s direct economic or Technical interest’ (Davis, K. (1960). William C. Frederick argued that businesses’ resources should also be used for broad social goals Frederick, W.C. (1960). Social responsibility urges corporations to assume certain responsibilities to society which extend beyond their economic and legal obligations. (McGuire, J. (1963). Eells and Walton, in 1961 (Frederick, 1994), argued as follows: When people talk about corporate social responsibilities they are thinking in terms of the problems that arise when corporate enterprise casts its shadow on the social scene, and of the ethical principles that ought to govern the relationships between the Corporation and society. World Business Council as “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders (Commission of European Communities, 2004). Corporate Social Responsibility is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organization and operations ;CSR Europe (2003). CSR can be thus be simply defined as the additional commitment by businesses to improve the
social and economic status of various stakeholders involved while complying with all legal and economic requirements, Warhurst, A. (2001). Reinhardt et al (2008) and Bénabou & Tirole (2009 adopted a simple standard definition of CSR originally Offered by Elhauge (2005) that is: sacrificing profits in the social interest. For there, to be a sacrifice, the firm must go beyond its legal and contractual obligations, on a voluntary basis. According to Hopkins (2004) and Abd Rahim, et al (2011) CSR can be defined as treating the stakeholders of the firm ethically or in a responsible manner (Hopkins, Michael (2004). Koestoer (2007) offered definition of CSR in the following words: Ways of companies in addressing various social issues in their operating areas, individually or collectively, are known as Corporate Social Responsibility (CSR). Sriramesh et al (2007 and Ismail (2011) reported that Bowen (1953) identified as the pioneer in providing the modern literature on CSR, offered one of the earliest definitions seeing CSR as the “obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. Kim, (2011) asserted by quoting many studies ((Friedman, 1970; Jensen, 2000; Davis, 1967; Donaldson & Dunfee, 1999) that since Bowen (1953) defined CSR as a method employed by corporations to pursue policies, decisions, and actions for the social purpose and value. Mahlouji and Anaraki (2009) referred a definition by David Waldman et al. (2006) who defined CSR as actions on the part of the firm that appear to advance, or acquiesce in the promotion of some social good, beyond the immediate interests of the firm and its shareholders, which is required by law. Such actions may result in a company embodying socially responsible attributes in their products. Corporations should transition from a state of mere compliance to a mode of engagement, from harm minimization to value creation (Luetkenhorst, W.: 2004).

**Data Collection Methodology**

Data were collected from 200 stake holders and 500 local people from Dhahrki and their vicinity. Structural questionnaire were developed for the reliability and validity of the data.

**Results**

In our effort to better realize our social responsibilities as a corporate entity and icon, corporate philanthropy is but one element of a broader and more cohort effort. We highlight our citizenship performance and sustainability.
initiatives with objective performance data – data points, metrics, actions and progress made.

Engro Foundation’s major social investments are in education, health, water and sanitation, and other welfare activities. The Foundation’s main geographical areas of focus are communities around our manufacturing sites and supply chains.

Health, water & sanitation and infrastructure

Engro Foundation is focused at creating access to basic services (health, water & sanitation, and infrastructure) in rural communities.

Health interventions, especially those focused on women and children, are a priority area of Engro’s community investments. Engro supports numerous health facilities which include general OPD clinics and specialized clinics/centers in snakebite and thalassemia treatment, reproductive and maternal health, eye and kidney diseases.

Only 40% of Pakistan’s population has access to ‘improved’ water sources and 20% have access to some form of sanitation. Engro Foundation is involved in projects aimed at improving basic community infrastructure for drinking water, brick paving, drainage and sanitation.

Education

Since lack of education is one of the biggest deterrents to social and economic empowerment, education is another major area of focus of the Foundation.

One such major initiative comprises of adopting government schools in rural communities around our manufacturing sites. Support to these schools from Engro Foundation consists of two aspects: infrastructure investments such as construction and repair of classrooms, boundary walls, bathrooms, provision of furniture, text books, stationary items, and other teaching and learning materials; in addition to provision of teachers and teachers’ training.

Eelfare and Emergency Relief Activities

Engro Foundation provides support to various non-profit/non-governmental organizations involved in eliminating social problems, promoting local arts and culture, and disaster and emergency relief activities. Such support includes donations in cash and kind.

In case of natural and man made disasters, Engro Foundation seeks to provide cash and in-kind donations to organizations involved in emergency and relief activities.
The Construction of Social Responsibility in Pakistan

In what way will play Corporate social responsibility? First of all, they should provide high-quality products and services to earn profit and to be responsible for their shareholders, which is their basic responsibility. In addition to that, they are expected to take responsibility for consumers, employees, environment and society. Therefore, their social responsibility should be constructed in four aspects including quality, employees, environment and public welfare.

1. Sticking to honest operation and providing high-quality products and services for consumers. With honesty as the basic principle of market economy, some dishonest or deceptive actions, such as fraud practice, producing fake or inferior products, breaking contracts, tax evasion as well as debt evasion, have spoiled the sound commercial atmosphere, infringed upon the public interests and damaged the images of the enterprises themselves. Accordingly, private enterprises should establish an “honesty-oriented” operation notion in which credit should be emphasized, quality should be based on and innovation should be relied on to improve enterprises’ management and provide high-quality products and services. Only in this way will they attract more consumers and survive in the fierce market competition.

2. Emphasizing security responsibility construction and constructing harmonious labor relations. (1) Due to their poor bases, including facilities, management, employee quality labor protection treatment as well as medical treatment, private enterprises are lacking in security guarantee. With the dropout of public economy from some areas and the development of private enterprises in more areas of our national economy, private enterprises are playing a more and more important role in safe production. Therefore, it is critical to strengthen their security supervision to enable them to improve laborers’ working environment and living conditions and guarantee their employees’ safety and health. (2) With Pakistan becoming the world manufacturing center gradually, are faced with more fierce international competition; therefore, a highly-qualified, skilled and energetic staff team seems to be particularly important. Private enterprises should realize the function and value of employees, show respect for them, protect and develop their legal rights and interests. By establishing perfect systems related to wages and welfare as well as staff training and promotion, harmonious labor relations can be created, the cohesion in the whole enterprise will be strengthened and therefore, their competitiveness at the international market will be improved.

3. Putting more importance on private enterprises’ economic growth quality and improving their sense of effective. Resource utility and environmental protection. In Pakistan, economic growth quality is more important than
the growth itself, which is reflected in decreasing resource consumption. Accordingly, it is quite essential for them to convert their “high consumption and low production” extensive growth pattern, rely on technological reform to reduce resource consumption and pollution, develop their recycling technology to construct circular economy in order to protect limited resources and ecological environment as well as to promote the sustainable development of economy and society.

4. Establishing right undertaking sense and trying to fulfilling employment demands. After earning great wealth through long-term hardship, private entrepreneurs are expected to establish right sense of wealth and undertaking to provide more jobs for the whole society through investment, production expansion especially by developing some labor-intensive industries and the tertiary industry. This will help to shorten the wealth disparity in Pakistan and relieve the severe employment pressure of the whole society.

5. Keeping an eye on charity and making contribution for harmonious society. With private enterprises as one part of the modern society, its harmonious development will, of course, play a very important role in the constant development of these enterprises. In the aspect of morality, private enterprises should pay more attention to charity activities and take their responsibilities for public interests, especially those disadvantaged groups. They can include donation in their corporate strategies and standardize their donation plans, operation systems and encouragement measures. In this way, the relations among different classes of the whole society will be improved and therefore a better environment will be created for these enterprises to develop themselves. What’s more important, good effects can be achieved in the development of China’s economy and the harmony and stability of the whole society.

**Conclusion**

Corporate social responsibility? First of all, they should provide high-quality products and services to earn profit and to be responsible for their shareholders, which is their basic responsibility. In addition to that, they are expected to take responsibility for consumers, employees, environment and society. Therefore, their social responsibility should be constructed in four aspects including quality, employees, environment and public welfare. private entrepreneurs are expected to establish right sense of wealth and undertaking to provide more jobs for the whole society through investment, production expansion especially by developing some labor-intensive industries and the tertiary industry. This will help to shorten the wealth disparity in Pakistan and relieve the severe employment pressure of the whole society.
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