

## Relevance of Corporate Social Responsibility: Contemporary Corporate Issues in Nepal

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### ABSTRACT

The main purpose of this study is to identify CSR practiced by Nepalese businesses. Similarly, the study has also explored the mandatory issues of CSR in Nepal. So, to test the CSR practice, the data regarding this have been collected from structured questionnaire for descriptive analysis. Besides this, experts opinions have also been collected to diagnose mandatory issues of CSR in Nepal's real perspective. The result of the study shows that CSR should be made mandatory but with an added responsibility of transparency, stringency, and innovation on part of government and corporates. Hence, in Nepalese business society, the legal and ethical domains of CSR are found to be poor in practice. Furthermore, diverse views of experts are found on CSR mandatory issues in Nepal. Hence, it can be concluded that, it is not enough just to make CSR policy mandatory. Along with policy, CSR has to be accountable and transparent, showing their fund allocation and observed sectors. Further, implication of this study, strategic economic motivation of CSR is increasing in the Nepalese context. Thus, the value of the paper is perhaps the first to substantiate the relevance of CSR in Nepalese context by tying together contemporary and contentious issues of CSR in Nepal.

**Keywords:** CSR, issues, mandatory, business, society, experts, Nepal.

### INTRODUCTION

Corporate social responsibility, since its emergence as a business idea in the 1960s, is understood as a business practice of being responsive to societal needs. CSR makes it imperative upon a business organization to move away from its fixation on profit towards societal welfare. There are three standard examples of CSR practice: ethical, altruistic and strategic. Lantis, (2002) suggests that ethical CSR comprises of at least a minimum level of responsibility towards society—a conscientiousness that makes companies eschew activities which may be harmful to the society, even though they may not be legal infringements. Next is altruism which corresponds with Carroll's (1997) idea, recreational/volunteer responsibility which fuels the intent to contribute to the betterment of stakeholders, even if the cost of these activities may mean forfeiting company profit. Finally, strategic CSR intended as a tactic to improve corporate image along with securing employee's commitment and satisfaction besides boosting the confidence of suppliers and retailers.

CSR practice is basically concerned with organizational growth, stakeholder benefit,

organized way of operation, and respect for ethical, social and environmental sensitivities. Furthermore, CSR is an organizational pledge to advance community welfare on a voluntary basis through contribution of available corporate resources. Further, the authors found an increased commitment on the part of some companies towards social well-being as it helped them build reputation and enhance brand image. (Kotler and Lee, 2005)

The concept of corporate social performance can provide a coherent framework for the field of business and society by integrating the conceptual advances that have been made, and by allowing scholars to "locate" works within a broad model of business-society relationships (Wood, 1991).

However, there can be a flip side to fixating on this conceptual model, as most of the literature on the perception of CSR is either conceptual or based on the empirical research done on business managers (Quazi and O'Brien, 2000; and Singh et al., 1980, etc.) or consumers (Sen and Bhattacharyam, 2001; Brown and Dacin, 1997; and Ellen, Mohr and Webb, 2000, etc.). These contentions, therefore, indicate that there

is a clear-cut link between an organization's CSR activity and its societal image. As P. Baral (2011) rightly contends, an organization's CSR report card enhances its image in the public mind, thereby aggrandizing its competitive thrust. Therefore, this intervention posits that an enviable CSR record affords a business organization the competitive thrust that it needs to survive the cut-throat competition. As R. E. Freeman argues, a firm fixated on profit alone has a low societal image which makes it to vulnerable to stiff competitions.

When a country has attained a sufficiently high standard of living, passed environmental legislation, and installed institutions for the protection the environment, the business and societal environment become conducive.

A corporation investing in long-term strategies concerning social responsibility practice becomes a useful tool for sustainability and growth. Similarly, CSR is not merely an obligation of business enterprises towards the stakeholders, but more importantly, an opportunity for economic benefit and sustainable growth (Chapagain, 2012). Moreover, CSR practices of an organization have significant impacts on its reputation and performance (Sethi, et. al, 2011).

Furthermore, Nepali researchers have not critically analysed the societal perception of CSR, which can be conceptualized in Nepalese settings in several ways. Among these, Carrolls (1979) has identified four tiers (economic, legal, ethical and discretionary expectations) of responsibilities in CSR. However, in developing countries like Nepal, economic responsibilities followed by philanthropy still get more emphasis than in the developed countries (Visser, 2005). Visser further claims that legal and ethical responsibilities generally have lower emphasis in developing countries than in developed ones. Therefore, there is less availability in Nepal of research work in the context of societal perception towards CSR practice by Nepalese firms. Therefore, based on the literature it could be observed that CSR practice in an organization is an essential tool and strategy that can impact its operating environment and has meaningful consequences for its survival, growth, and performance. However, in Nepal the research is below par research, and is limited, based on firsthand information. Thus, so far as CSR practice in the Nepalese context is concerned, this study attempts to fill this gap.

### CSR ISSUES IN NEPALESE CONTEXT

The issues related to CSR in developing countries including Nepal have a structure that is based on the ideas distilled into the Millennium Development Goals. This includes a world with less poverty and disease, healthy mothers and children, education for all, women empowerment, healthier and sustainable environment, and so on (UN, 2006). However, these aspirations remain ambitious for a country like Nepal which is under-developed. So, the major concern in this regard is: Is CSR doing good to business and society? What is the role of Business Corporation in realizing the country's Millennium Development Goals? Therefore, clarifying CSR contexts of Nepal is a worthwhile effort. Business in developing countries is still hampered by lack of transparency, bureaucratic hurdles, and corruption (The World Bank, 2005). Further, in developing countries, legal and ethical responsibilities seem to have a lower priority (Visser, 2005b & Reed, 2002). In recent years, Nepalese organizations have received a lot of flak with regard to CSR and good governance (Chaudhary, 2016). With liberalized economy and globalized financial market, the current CSR practice of Nepalese firms needs to pick up. In this regard, the state should be a significant driver of CSR.

Some legal evidences of CSR have come forward in many instances in Nepal. One of the earliest known instances is the one that involved the Supreme Court. The Nepalese Supreme Court in Surya Dhungel vs Godawari Marble industries case (1995) recognized the concept of social responsibility of the company. (Shah, 2012). The issue highlights industries' responsibility in its own actions and towards its workers. The then justice, KedarNath Upadhyay, observed that the Godawari based mining operation caused injuries to workers and caused environmental hazards in the periphery. Often indifferent to workers' needs and woes, this can be marked as one of the moments that brought the consideration of Corporate Social Responsibility to the limelight.

Awareness of CSR practice has grown in some selected Nepalese companies that seek to protect their family-brand image. It also appears that companies still have a long way to go towards focusing on the comprehensive implementation of CSR agenda. Once companies maintain CSR activities inside the company, then they can help other people in society using their CSR agenda,

that may help raise their brand image, competitiveness and profits (Adhikari, et. al, 2016). Here, it must be kept in mind that many private companies in Nepal are following a family style of management, which means that entrepreneurs run their business in their own way—mostly for pecuniary profit and family name.

According to Wetzel (2006), Nepalese companies can be divided into two clusters in terms of CSR situation. The first cluster of companies respects employee rights, such as written appointments for jobs, regular working hours and safety measurement. Such companies are connected to Indian companies or are part of supply chains reaching out to Europe. A second cluster of companies are small or mid-sized family-owned businesses. The majority of them belong to the private sector, and their activities are driven by the owners' convictions and interests rather than by international standards. The potential for business and societal benefits thorough CSR are not fully realized in these companies (Adhikari, et. al, 2016).

Another study jointly done by Upadhyay and Dhungel (2013) on 14 public and private commercial and development banks indicates that only 71 per cent of them are reporting about their CSR activities. According to this study, most of the CSR activities in which these banks are involved are related to education and training; welfare to the underprivileged, arts/and cultural protection; contribution to associations, clubs and other organizations; contributions for health care; and environment and so forth. Their study also reveals that women empowerment and rural development are not high priorities of Nepalese business houses.

There are many reasons as to why developing economies like Nepal conceive, incentivize, and push for CSR. Visser (2009) identifies ten possible reasons as drivers of CSR in developing countries. Cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response, market access, international standardization, investment incentives, stakeholder activism, and supply chain are ten identified ones. Many of these metrics seem to align with the ones indicated by perceived necessity of CSR. The correlation between societal benefits (as well as harms mitigated by the adoption of CSR) and the increased shift of focus towards Corporate Social Responsibility makes it evident in

Nepal's case to have comprehension of CSR at an individual, institutional, and national level. However, the changes and developments are much too slow for Nepalese society to reap its benefits as of now.

Furthermore, according to Chaudhary (2016), social pressure and consumer groups are not found to be as strong as their counterparts in some other developed countries. As a result, the CSR movement is still inchoate in nature. Therefore, the growth of CSR should be linked with the growth of consumer beneficiaries in Nepalese settings. Chaudhary further claims that the role of the state, NGO, and INGOs have been found to enhance CSR activities in Nepal. It is heartening that in recent years, quite a few business firms in Nepal have incorporated CSR in their business practices. The attention towards social obligation has made them amenable to sacrificing a minimum level of profit for societal welfare (Sharma, 2016). Therefore, it can be discerned that the real involvement of Nepalese business community in CSR activities is still not clear. However, the concept of CSR is emerging in Nepal with different motives. Thus, there are very few researches related to CSR practice in Nepalese context based on Carroll Model (1997). So, this study seeks to explore and investigate experts' opinions regarding CSR dimensions, its benefits, and mandatory issues in both qualitative and quantitative ways.

### Should CSR Be Done Voluntarily Or Be Made Mandatory?

CSR has been studied over decades, and it has received a large amount of attention from people, organizations and governments around the globe. Because CSR has become a high priority worldwide, shouldn't CSR be made mandatory? In this regard some scholars assert that CSR initiatives should be made mandatory by law to make business more responsible towards society, while some other scholars think the move to make CSR a legal compulsion is unnecessary (Sharma, 2016). Robin (2008) pointed out that CSR should be popularized but not be imposed. Whether the state has to use its power to make it mandatory or not, quite a few organizations take CSR as a burden (Agrawal, 2015). The right answer to the question, whether or not CSR should be made mandatory, needs to come after sufficient weighing of its pros and cons. The pros and cons of voluntary CSR (one done without any legal enforcement) can rightly be measured with the pros and cons of mandatory CSR (one with legal

enforcement). Adhikari (2014) discusses the advantages of Voluntary CSR with a wide array of benefits: Supply chain management, maintaining relationships with business partners, safeguarding brand equity and reputation, effective risk management, producing efficiency, managing relations with NGOs, minimizing friction with shareholders, behaving consistently with the company's stated principles and ethics, and reducing legal risks. He furthers the discussion with the challenges of CSR in terms of stakeholder analysis of vendor employees, factory management and owners, NGOs, and companies. In a similar vein, advantages of mandatory CSR can be seen in its benefits resulting in avoidance of exploitation of labor, promotion of a level playing field, redressing of the balance between companies and employees, and improvement in the profitability, growth and sustainability for business and legislation.

All over the world, every nation has its own way of encouraging CSR practices. Great Britain has a minister for CSR, who is an expert of company law, so that environmental and social performance may be effectively monitored (Douglas, et. al., 2004). However, in America this kind of monitoring is not in practice because there the organizations themselves police the implementation of CSR which they project to the public through external communications. The system works well in America because of the long tradition of the involvement of corporate in social benevolence. Unlike America, Denmark more or less toes the British line (Kampf, 2007). In Malaysia, all publicly listed companies are required to disclose their CSR activities in their annual reports. CSR disclosure, however, remains voluntary (Othman, 2011). In India, the amendment of the Companies Act in 2013 sparked debate as the Act mandated companies to spend at least two percent of their average net profit in CSR activities. However, in India, the practice of CSR is at an early phase as there is no mandatory rule to report CSR to all. In China, creating more and more employment opportunities is regarded as the main dimension of CSR (Xu and Yang, 2010). The Central Government adopted circular economic policy as an official development strategy in 2002, aiming to protect environmental degradation and resource scarcity issues due to poor industrial practices. Indeed, in China, members of the general public may not even be aware of a company's CSR initiatives. For this reason,

many CSR programmes dovetail with the priorities of the local or provincial governments, such as CSR, health care and environment protection (Mullich, 2011). As in India, the Nepal government has also introduced a provision in the recently amended Industrial Enterprises Act which requires companies to spend at least one percent of their net profit for social initiatives. Earlier, Nepal Rastra Bank in the Monetary Policy for FY 2016/17 also asked banks to spend at least one percent of their profit in CSR activities (Sharma, 2016).

Depending on what best suits specific nations and society, the way corporate social responsibility is seen can shift from "obligatory and enforced" to "opportunity enhancing". Contributing to society is not simply a charitable gesture, but can be a value creating activity when utilized with an appropriate strategy (Moon and Parc, 2019). In order for the firms to have sustainable development through CSR, the incorporation of environmental, economic and social aspects is obligatory. So the issue of making CSR mandatory or not is also tied with the ideas of socio-cultural values, especially in developing country like Nepal. In Nepal, where business and corporate sector reflects values and culture of country, it wouldn't be wrong to presume that CSR should be voluntary, as most business organizations would already be doing it. However, the flip side to this exists. Nepal's business and corporations largely follow profit making motives, like the rest, so their contribution in terms of direct connection with community has been missing too. So business organizations have more or less been divorced from this concept. So the concept of making CSR mandatory or not with the framework of concomitant benefits is associated with CSR is worth exploring.

### RESEARCH METHODOLOGY

The method of study has been classified into two parts: descriptive and exploratory. For descriptive research design, primary data were collected through the survey approach by distributing questionnaire personally. A judgmental sampling method was used to collect data from the faculty members of Central Departments of Management, Economics and Law at Central Campus, Tribhuvan University, Kathmandu, Nepal (basically with those faculty members who are involved in teaching profession for at least 5 years and above). Altogether 160, 5-point liker-type scale questionnaires were distributed amongst them,

but only 148, questionnaires were received. Among 148, 6 questionnaires were excluded due to their incompleteness. Therefore, 142 valid questionnaires were used in this study to apply Carroll’s CSR Model (1997) to the Nepalese context in order to know the real scenario of benefits associated with CSR and its influence on CSR’s mandatory issue.

Besides, this study was carried out taking into consideration whether CSR should be made mandatory or not. For this purpose, 76 experts from different backgrounds were requested to participate in the focus group discussion. In the discussion, the line of reasoning and rationale of many responders were found to be similar, and therefore redundant. So researchers have presented statements of seventeen participants verbatim. Although the statements of only 17 out of 76 participants have been considered, it is

important to note that their viewpoints and rationale are representative of all 76 experts which speaks about the different level of organizational perspective of Nepal. In addition, all the participants involved believed that the outcome of the discussion will be helpful and in line with the final decision: whether CSR in Nepal should be made mandatory or not.

**ANALYSIS OF RESULT**

This part of the research presents the acquired data in tabular form which simplifies the analysis process for easy comprehension. In this perceptual analysis of data, the following part presents dimension of CSR related to organizational benefit based on its adoption with CSR measures.

**Table1.** *Main Benefits of Adopting CSR*

Main Benefits	N	Mean	Std. Deviation	Rank
Rank enhancing corporate reputation	142	2.09	1.355	1
Rank improve relation with employees, institution and community	142	2.33	1.457	2
Rank efficiency increment	142	3.91	1.626	3
Rank acquisition of commercial benefits	142	3.65	1.226	4
Rank identification of reputational risks	142	4.48	1.41	5

For ranking, respondents are asked to rank the most important events and accordingly for the main benefits of the adoption of measures of CSR. On the basis of mean analysis in the above table, what comes to the fore is that the respondents give most priority to enhancing corporate reputation. According to Mckinsey global survey results (MGSr), 55 percent of executives agree that the sustainability of CSR helps their companies build strong reputation. The results from this study corroborates MGSr’s survey findings, with most of the respondents (as shown in the table 1) perceiving enhancement of corporate reputation as the most important outcome of the companies adopting CSR measures.

Likewise, Colleoni, 2013 posits that the enhancement of corporate reputation results from the effective communication and dissemination of the CSR information between ethical company and stakeholders. This focus to educate stakeholders, which also incorporates academicians, CEOs, and management personnel, present as respondents of this study, about one’s CSR activities also answers why most respondents give most priority to enhancing corporate reputation.

Then improving relation with employees, institution and community gained second most attention. The World Bank (2003) has a concise and precise definition for CSR: the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and society to improve their quality of life, in ways that are both good for business and good for development. This identification of employees, institution and community as indispensable actors is also seen as the resultant of this study where improved relations with the aforementioned stakeholders holds key to both the company, society and CSR activity as a whole.

Likewise, respondents rank efficiency increment, acquisition of commercial benefits and identification of reputational risks as third, fourth and fifth important benefits in the adoption of CSR activities in the organization. Young and Tiley, 2006 discussed six criteria as efficiency brought forth as CSR’s concomitant benefits to the organization: eco-efficiency, socio-efficiency, eco-effectiveness, socio-effectiveness and sufficiency and ecological equity. Although not seen as the most

significant aspect of CSR by most respondents, these ideals of efficiency when integrated with company’s business model provides one of the strongest forms of operation and large profits. This study sustains this notion with respondents placing this yardstick as the third most important benefit in consideration of corporate responsibility.

Respondents of this survey accordingly saw this as potential harms from reputational risks and marked it a considerable aspect of CSR’s benefit too. Because corporate reputation (ranked first) and identification of reputation risks (ranked fifth) go hand in hand, it can be understood simultaneously as to why responders of this survey considered it and placed it fifth among other considerations of the benefits of CSR to organizations.

Before a company thinks about being a good corporate entity in the society, it first needs to make sure that it can be profitable. Similarly, corporate social responsibility offers organizations various opportunities not only to differentiate themselves from competitors, but also, for reducing costs (Nolan et al 2009; cited in Ali, et al, 2010). As the foregoing suggests, procurement of commercial benefits—represented largely by profit and reduction in costs—should be a significant priority for its sustenance. Not surprisingly, the respondents of this study too saw its importance to organizations’ profitability, ranking it as the fourth important element of CSR. Although not as high as the rest which is determined largely by judgmental perception, commercial benefits, nevertheless, is found to be extremely important by this study.

**Table2.** *Descriptive Statistics*

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Economic	142	3.11	0.277
Legal	142	3.02	0.436
Philanthropic	142	3.05	0.434
Ethical	142	2.79	0.347
Growth	142	2.94	0.369

Economic, legal, philanthropic, ethical, and growth dimensions form five cornerstones of CSR. Each one carries its associated values and adopted strategies. So when CSR issue is discussed within this frame, the subsequent discussion to mandate CSR for this study becomes even more streamlined. Even more crucially, these dimensions underpin the comprehension and standpoints of the participants providing for easy transition into the understanding of the outcome of this study: Should CSR be mandated in corporate sectors? Based on the perception of academicians towards CSR dimension, what is revealed is that economic dimensions have received high attention followed by philanthropy in the Nepalese context. Besides the above empirical analysis, 76 experts from different background like academicians, lawyers, industrialists, bankers, entrepreneurs and member of Federation of Nepalese Chambers of Commerce and Industry (FNCCI) were invited to participate in the focused group discussion on CSR mandatory issues. Among them, 17 concrete statements were collected. These are presented below:

**Statement 1**

I strongly feel that CSR should be made mandatory. Business makes profit from the

society. So, it is ethical that they should give back to the society. Also, it is evident from the history of Nepal’s business sector that majority of the companies are not proactive in engaging in CSR activities and that they should try to find ways out to invest in social development. Once it is made mandatory, we can see significant funds available to be invested in social welfare.

**Statement 2**

CSR should be made mandatory because business flourishes through society. Investing in philanthropy is like disposing garbage in the middle of the river which is ultimately going to come back to the ones who threw it there.

**Statement 3**

CSR should be voluntary and not mandatory because businesses themselves have started realizing that they are nothing without society. If they can stand for the society when in need, the society will definitely reciprocate.

**Statement 4**

If it is imposed under legislation, it is a legal responsibility and not a social one. The road for CSR begins right from the dead-end of law. To earmark, the extra spending should be up to the choice of corporate themselves.

**Statement 5**

Well, we are high taxpayers and have been contributing to several aspects. For example, we have been spending on donation, levy, charity, etc. Likewise, we have created employment opportunities in the service sector, even though no facilities and concession are provided to us. Besides, government depends on us for the development of the economy. So, having proactive involvement in all socio-economic aspects, I think it should be considered as the part of CSR. Therefore, it should not be mandatory at this juncture. Moreover, we believe in karmayog.

**Statement 6**

Jurisprudentially, CSR is a part of social contract theory. This theory views that every human's moral and/or political obligations are dependent upon a contract or agreement to form the society in which they live. Although the corporate bodies are incorporated for the business motive, they should be ethically obliged to contribute something to the society in which they exist, grow and gain something from there. Hence, to legally execute this concept and to make a harmonious relation between corporate bodies and the society, most of the modern nations enforce the corporate bodies to fulfill their corporate social responsibilities as a statutory obligation and I think it should be made mandatory.

**Statement 7**

Nothing should be mandatory, and besides actions of social corporate responsibilities, everyone needs to emerge from the depths of one's heart. Responsibility is the ability to RESPOND to what is needed here and now. Ability to take conscious actions consistent to one's value/organizational values, goals is an essential need of the hour. But how can anybody think of making anyone RESPONSIBLE mandatorily or by FORCE?

**Statement 8**

CSR should be mandatory and transparent in the case of least developed and developing countries. Business organizations earn profit from the society. Therefore, they have to spend some portion of the earned profit to the society. It is not enough just making the CSR activity mandatory, but it has to be transparent to find out whether the CSR fund is being properly utilized or not. It has to be regulated in a transparent way to find out whether the

deserving stakeholder actually gets the benefit or not. In the context of Nepal, Nepalese banks have to allocate 1 percent of their profits for this service. But, some banks are using that allocated fund for the education of the staff's children. The CSR fund should be beneficial to all stakeholders—not just staffs of the organization. In the case of developed countries, CSR should be voluntary and transparent. The government should give tax exemptions for CSR funds in all the countries.

**Statement 9**

I don't believe that CSR should be mandatory. Business firms will simply consider CSR as part of their regular compliance. Government can do nothing, except to demand industries to allocate certain percentages of profit for CSR. I doubt if such allocation will create any social or environmental impact. Further, government will be able to mandate each and every policies and programmes of CSR. CSR are now promoted by business firm as their business strategy. Business houses are designing their programme focusing on their business needs and competencies. I believe, it will provide them sufficient scope to create some social and environmental impacts simultaneously. It will be providing some business gain to them as well.

However, CSR can be made a part of national regulation. Broad policies may define certain requirements on business firms on consumer protection, environmental protection, and price stabilization. These things can be checked and regulated. However government cannot mandate the firms in their philanthropic responsibilities. This will ultimately limit the firm itself in implementing CSR activities.

**Statement 10**

The business themselves need to come upfront realizing their responsibilities towards the society. Forceful CSRs cannot be fruitful and achieve intended results. Further, I believe that CSR is basically guided and motivated by the feelings and sentiments of individuals or group for social welfare and good causes. Though it is a good thing to get engaged in philanthropy, its long term impact is limited. Therefore, CSR is done in several ways by evaluating the impact of such activities for the targeted communities alongside the business themselves which are engaged. Recently, the business community in Nepal has been contributing to many social welfare programmes.

### Statement 11

The NRB initiative is really appreciable, if I have to give my personal opinion on it. The CSR activities indirectly pay back to all the stakeholders – owners, investors, employees, customers, government, etc. CSR is also responsibility of all corporate entities, whether they are for profit or not. Concluding my view on mandatory framework of CSR fund, I do support the NRB directive in this regard.

### Statement 12

No, it may not be practicable for all. Even though, it has certain level of benefits to the people. The reason is that quality service cannot be guaranteed through the corporate social responsibility. But organizations can voluntarily put their efforts to donate for or to contribute to the people's welfare.

### Statement 13

Yes, it is helpful for branding, increasing awareness, enlarge impressions, and imparting positive views to the people. We (NIC ASIA) have Foundation which has been serving in the rural areas in the form of providing child health facilities, girls' education in remote areas and contributions to earthquake rehabilitation fund.

### Statement 14

Yes, it should be mandatory because organization has responsibility to the society. So, welfare of the people is the must. This welfare will help the community members, especially in the Nepalese environment, to rise above the ranks in terms of social mobility.

### Statement 15

While it is logical, and perhaps ethical, to not enforce CSR on any institutions, the fact that most organizations are increasingly bent on a capitalist profit making mindset (which in itself is not unethical but the increasing trend is definitely disturbing), it is only fair for them to give back to society. Because we don't live in an ideal world, making CSR mandatory is the need of an hour. However, stringent rules and regulations must be made on monitoring too.

### Statement 16

Answering in binary- yes or no- terms is always difficult. I think everyone is looking at CSR as an opportunity for companies to engage and actualize with communities. If that is the case, then I think everyone plays a different role in society. Business organizations have diversified

opportunities, paid taxes, increased productivity, and raised standards of living. So I think CSR is best when it is kept voluntary as contributions are coming, albeit in different forms.

### Statement 17

In a country like Nepal, where the check and balance mechanism doesn't function efficiently, making CSR mandatory or voluntary is less likely to have any tangible effects. Those that feel the responsibilities do them willingly while those that are forced will adopt a perfunctory approach. I think the status quo will persist to prevail.

## CONCLUSION AND IMPLICATION

In this study, main benefits of adopting CSR (as shown in Table 1) and dimensions of CSR (as shown in Table 2) serves a complementary role. If the five dimensions of CSR—legal, economic, philanthropic, ethical, and growth—provides understanding about the areas of highest and least dominance, then the main benefits of adopting CSR (markedly categorized in five spheres) tells us why, therefore, acting as preconditions or reasons for so.

Majority of respondents see that business image in Nepal's context gets enhanced with the adoption of CSR measures. An additional layer of fantastic insight stemming from this study is that corporate reputation seems to matter and influence the most to business organizations because the general populace place highest emphasis on this very front. This finding directly strengthens and supports the cause-and effect observation made by Bhattacharya & Sen (2007): "CSR initiatives form a positive customer's attitude and behavior. This in turn strengthens the company's brand image, which is one of the main reasons for a company to engage in CSR activities."

The rationale for the occurrence of individual benefits like improving relations, efficiency increment, acquisition of commercial benefits, and identification of reputational risks have been made directly beneath the table 1. However, an element of reason which explains less recognition of these benefits relative to enhancement of corporate reputation isn't solely of less preference.

In fact, the increasing emergence and identification of these ideas as important aspects to organizations and society have made all of these second to corporate reputation. The new CSR activities such as poverty alleviation and



creation of employment opportunities are emerging in the philanthropic domain (Adhikari et al ; 2017). This finding automatically leads to an implication: in the future, with more acceptance, preference of adopting CSR and its dynamics might change.

It is evident from the responses of 76 experts (results are summarized in table 2) that economic domains followed by philanthropic activities of CSR are more predominant than the legal and ethical domains of CSR in the Nepalese context. So, from the result, it can be inferred that the strategic economic motivation of CSR is in increasing trend in Nepal. This follows and plays into Coutinho and Macedo-Soares's observation (2002): There is a trend toward promoting corporate changes with deep strategic implications that must be associated with business strategies in the company in order to be efficient.

At present, philanthropy CSR is also found to be in a strong position in Nepal. However, it is a must for Nepalese business to pay attention towards making the stakeholders happy for a smooth functioning as Market constituents (e.g., employees, customers, suppliers, creditors) can directly trigger a shortfall in economic rents by making unfavorable economic choices (Delmas & Toffel ; 2008). Besides this, legal and ethical domains of CSR are found to be in poor shape in the Nepalese context. What this means is that government role has not been effective in maintaining its policy act which is formulated by the government itself.

The question, whether or not CSR should be mandatory in the Nepalese context, doesn't have an answer that exists in sole isolation of either yes, (it should be made mandatory), or no, (it shouldn't be made mandatory). It exists with an attendant policy and precautionary measure. This study makes a concrete observation on this issue based on the responses of 76 experts. CSR should be made mandatory in Nepal, and it can be effective only in so far as the government and corporate sectors embrace transparency, stringency, and innovation in its approach. In that light, it may also be timely for the Nepalese government to consider introducing a social performance index and tax benefit or incentives for companies to benefit from such moves. (Chapagain, 2010) An analysis of the statements by the advocates for making CSR mandatory reveals that since Nepal is still considered as an under-developed country in terms of per capita income, infrastructure, development, industrial

growth, gross domestic product education, less capital formation, unemployment, and the like, CSR should be enforced compulsorily. Therefore, in order to achieve competitiveness of the Nepalese business society in the global context, it is essential that CSR be made mandatory in order to improve, create healthier business environment, support millennium development goals of the country and contribute to the society's overall welfare.

Although the eventual findings and outcomes may be the understanding that CSR should be legally made mandatory, equal preparations as preemptive must be made in order to buffer the backlashes and the ramifications.

It can have drastic effects on economic, legal, and social spheres in the Nepalese communities. In a close-knit community, the relationship often hinges on a perceptive dynamic, which can be largely altered with a legal enforcement of CSR in business organizations. This can affect cyclically to all the concerning bodies—companies, consumers, society, and the government. So a comprehensive and cautious study and action prior to the implementation of the policy is a must.

So, to round off the overarching proposition of this paper, The researcher would like to state that the economic motivation as a strategic approach to CSR is gaining more momentum. And making CSR mandatory in Nepal's context is a need and must be accompanied by the government and the corporate bodies' effective approaches.

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## Relevance of Corporate Social Responsibility: Contemporary Corporate Issues in Nepal

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