Report Part Title: Conceptual understanding on CSR and CVE

Report Title: Connecting the Dots:
Report Subtitle: Countering Violent Extremism through Corporate Social Responsibility
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or allowed. To standardize the translations, all the transcripts were translated from Urdu to English. After the completion of transcriptions, the data was manually analyzed and divided according to the identified sectors (petroleum, telecommunication and Agriculture). Interviews data was reviewed intensively to develop a correct scheme for coding information according to the themes.

2.5. Limitations and Delimitations

Unexpectedly, some of the companies were found to be non-responsive when it comes to the topic of CSR. One of the interviewees said that they have strict instruction not to disclose any information pertaining to the company's CSR related activities (despite the fact that company is doing CSR). Similarly, one of the interviewees also avoided giving any information pertaining to CVE related CSR activity probably due to its sensitive nature. The research team, however, addressed this situation while reframing the questionnaire to get information in an indirect way. Moreover, top to bottom approach played a substantial role where research team in most of the cases contacted the manager level officials, who introduced and instructed CSR focal persons to provide required information. This exercise consumed more time than expected; however, finally it worked out well.

Taking for-profit organizations on board is a real challenge due to their varied business priorities, interests and busy schedules. This caused delay in the implementation plan/timeline of the study. Since the real purpose of the review and analysis study was to engage business community at a later stage of the project hence, the lobby meetings were done to take them on board prior to their interviews. This was accomplished by tapping on their business interests and introducing some potential benefits as a result of this project, i.e. development of Social Action Projects for the selected five companies that may generate greater impact of their current CSR investments.

3. Conceptual understanding on CSR and CVE

In order to engage private sector/corporations in CVE initiatives, it is imperative to have an in-depth knowledge of the concepts, historical background (origin and evolution) and their true spirit for its effective use. The following sub-sections explain ideas on CSR and CVE and their potential linkages.

3.1. Concept of CSR and its Evolution

For socio-economic development, CSR becomes instrumental where involvement of the business firms and other stakeholders is a pre-requisite (Kabir et al. 2015). World Business Council for Sustainable Development (1998) defines CSR 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 the community and society at large.

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The history of CSR can be drawn out from the early 1950s. However, the fading dots of CSR can be connected with the era of industrialization. During the industrial revolution (particularly from the mid to the late 1800s), criticism on the growing number of factories was reported. Corporations in order to generate profit utilized both human and natural resources that posed negative impact (apart from positive) on the host communities as well as environment such as depletion of irreversible resources and pollution, etc. Apart from this, disapproval was also instigated based on high level of prevalent social problems in society such as increasing poverty, number of slums, and children and women in labor force. (Carroll 2008).

Since the 1950s, the concept of CSR has been transformed substantially (Carroll, 1999; Freeman, 1984). According to Welford (2004) and Stigson (2002), during its evolution scholars debated critically over the basics of CSR such as its meaning, whether, where and why it should be implemented. Similarly, scholars have expressed their arguments on the conceptual clarity and wide-ranging explanations. According to them, the concept of CSR has been linked to social responsibility exhibited through an organization's role towards the development of society (Maignan 2002; Woordward 2001; Deresky 2000). However, in general terms, CSR can be defines as a moral duty to act in a manner that is socially responsible (O'Donovan, 2002; Shocker and Sethi 1973). Also, it is vital to note that due to varied values and priorities hosted and practiced by different countries, the implementation of CSR varies too (Baker 2009).

Consequently, businesses along with maximizing profits started expressing their concern to improve employees' conditions for enhancing their productivity and effectiveness. John H. Patterson in the late 1800s played a vital role in this regard by initiating "industrial welfare movement". This movement tends to motivate employers to improve the condition of workers (Wren 2005). Instead of the employees' improvement, businessmen shifted their perspective from mere economic benefits towards corporate philanthropic contributions to supporting respective communities (Carroll 2008). According to Wren (2005), businessmen of the late 1800s were found socially-responsible as they tend to give away money to invest in schools, churches and community projects. However, difference of opinion was found among the scholars for putting this act under the head of individual or corporate philanthropy. Apart from this debate, questions were also raised on the intentions of their actions whether these investments are purely altruistic in nature or are they inclined towards their economic benefits (Carroll 2008).

Healed (1970) quoted philanthropy as one of the primitive forms of CSR that played a major role in the development of this concept. He was of the view that new version of CSR began to emerge through philanthropy during the period 1918-1929 (Healed 1970). Murphy (1978) on the other hand studied and classified CSR into different eras. He named time period prior to the 1950s as philanthropic era where charity donation was widely practiced followed by the

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awareness era (1953-67) in which business consciousness and involvement in community matter started. While time period from 1968 till 1973 was titled as the issue era by Murphy due to business involvement towards the issue-based donations such as pollution. Responsive era (1974 and beyond) was followed by the issue era. It involved structural changes (management action) such as application of corporate ethics and social performance disclosures. Similarly, according to Shahin and Zairi (2007), the concept of CSR bloomed and flourished in the second half of the twentieth century (Shahin and Zairi 2007). That took another half a decade to get dominance in business reporting (Crowther and Aras 2008).

In broader terms, CSR was perceived to be identical as corporate philanthropy until 1980s. However, during this decade, the ongoing violations of labour and human rights along with environmental degradation caused by big businesses (Shell, Nike, and Gap Inc., etc.) created huge wave of criticism among the masses. This gave rise to the notion of legalizing the concept of CSR for the big business that secures votes both in favour and against. However, due to lack of consensus over legalizing the issue, it was not put into practice. Nevertheless, in order to cope with the environment and human rights violations, environmental and social standards along with certification programmes were launched to handle this situation during the 1990s (Responsible Business Initiative 2015).

Pressure groups (including human rights & social activists, environmentalists, and media) played a vital role in creating awareness and highlighting violations by big businesses. This had exerted a huge pressure to comply with the set standards along with the legal implications relating to immoral business practices. The customer had also used his right to reject products of the companies that had not been complying with the rules and regulations. Such rejections put those companies at risk in terms of their reputation. The CSR experts believe that a socially-responsible business entity earns befitting benefit from its good reputation amongst its customers; and is also recognized as a respectful entity in their business community.

3.1.1. CSR in Pakistan

The concept of corporate philanthropy is not new in Pakistan. A huge amount of philanthropic contributions throughout its history have been recorded (Pakistan Centre for Philanthropy 2015). According to Klesc (2008), substantial philanthropic contributions for the betterment of fellow human beings are exceedingly influenced by the concepts of Islam, including Haqooq-ul-Ibad (Rights of Individuals/human beings), Halal (good) intentions and *Tazkiyah*[1].

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[1] Effort to avoid "hypocrisy, caprice, heedlessness, and everything else that keeps a Muslim serving God for His sake alone. This purification of the soul is called *Tazkiyah*".

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Despite the significant difference[2], CSR and corporate philanthropy is often used interchangeably in Pakistani society. This scenario creates difficulty among the top management of big corporations and businesses to remain uncertain about its true meanings and spirit (Responsible Business Initiative 2015). Contrary to it, CSR is often looked as a tool to comply with the international norms and standards rather than the real philosophy of CSR (Responsible Business Initiative 2015). However, slowly but steadily things are changing in Pakistan, as companies, in order to ensure their business sustainability, have been initiating to formulate their CSR policies and practices pertaining to social, economic and environmental impacts posed by their businesses. Though, it is also true that companies in Pakistan have adopted different CSR management systems that are emerging as challenges for stakeholders to comprehend the data based on their CSR activities (Shekha 2013). Security and Exchange Commission of Pakistan and State Bank of Pakistan are the two statutory bodies responsible to oversee the conduct of businesses (big or small) and the corporations in Pakistan. These for-profit organizations are regulated through the Companies Ordinance (1984) along with labour laws. The Companies Ordinance 1984 has recently been amended in 2017[3], which provides rules and regulations for issuing license for charitable and not for project objects. On the other hand, business interests are administered by the chambers of commerce and trade unions. The chambers ensure to strengthen corporate integrity by establishing accountability and transparency.

In order to ensure corporate accountability with respect to CSR activities, SECP has promulgated CSR Voluntary Guidelines in 2013. This was in continuation with the Companies CSR General Order (CGO) issued by SECP in 2009. CGO targeted all public companies to disclose both the descriptive as well as financial resources consumed in the conduction of CSR activities in each financial year. According to Centre for Philanthropy (2015), since the enactment of these guidelines, some advancement in the CSR related activities is visible. However, complete compliance is still a challenge in Pakistan mainly due to vast and diverse business structures.

3.2. Countering Violent Extremism (CVE)

Long history of peacemaking efforts both at global as well as national level indicated that the use of force is one of the options to counter-terrorism. This stems from the fact that now wars are no more fought in traditional battlefields rather extremist factors operate from and within the society wherein civilians are badly hit (Simpson 2015). Terrorism is the worst form of

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[2] CSR is broader than Corporate Philanthropy (CP) where CP can be stated as one activity of CSR.
[3] Companies Act, 2017 Rules and Regulations Associations with charitable & not for profit objects (licensing & corporate governance) Regulations

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violent extremism. The concept of Countering Violent Extremism (CVE) emerged at the global arena after the series of terrorist attacks in the United States (9/11/2001), Madrid (2005) and London (2006). After these attacks, the United States of America, Canada, Australia, France, Finland, Holland, Nigeria, Norway, Spain, and Switzerland formulated their national CVE strategies during 2005-2011. The United Nations also drafted its global anti-terrorism approach during 2006. Nonetheless, CVE gained its official status in 2015.

The concept of CVE perpetuates that global terrorism should not only be countered by military and intelligence means, but also through addressing the root causes of terrorism. It refers to "soft" side of counterterrorism strategies that address factors/drivers to engage the players in both the politically or ideologically-motivated violent activities. Once the then UN Secretary-General Ban Ki Moon supporting CVE said: "Missiles may kill terrorists; but, I am convinced that good governance is what will kill terrorism."

Violent extremism in Pakistan is a multidimensional and complicated phenomenon being a heterogeneous society comprising communities belonging to different ethnic origins and believers of various denominations of Islam. According to Marisa (2010), extremism in Pakistan is referred to Talibanization, radical Islamization and Sectarianism (Marisa 2010). On the other hand, it is seen in the context of opposing the Western and American policies, ethno-political violence and nationalist-separatist riots in a few pockets in the country (AFP 2014).

Extremism and terrorism have a cause-and-effect relationship in Pakistan. Hence, in order to address terrorism, its bond with extremism needs to be disrupted (Mirahmadi 2012). Also, it is imperative to block avenues used by the extremist groups to upsurge their influence in the society (Sial 2013). This can be done by identifying and reaching out to the at-risk segment of the society that can fall prey to these extremist groups (Rana 2010) and their extremist ideologies. There is a need to undertake peace-building and development activities to address rampant inequalities within the society so that the vulnerable populations cannot be exploited by extremist groups.

3.3.   Connecting Dots between CVE and CSR

Historical evidence indicates that military and law-enforcement measures (by using force) to counter terrorism often exacerbated the situation that brings injustice and oppression to those who are not even in-support of extremist narratives. This situation often instigates sympathy and inclination of the victims towards the extremist elements and combatants due to excessive use of force in which civilians also got inflicted. In order to avoid such consequence, it is imperative to adopt a balanced approach that includes traditional military and law-enforcement actions along with the CVE programmes and policies (Joseph 2010). Parallel implementation of both hard and soft measures might offer dividends. Analysts are of the view that sometimes "use of force" makes it difficult to upscale the "soft power"

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strategies. The learning from a number of conflicts says that military and law-enforcement interventions/measures alone proved to be counterproductive as they used to neutralize the impact of some CVE initiatives. CVE on the other hand can be tagged as a preventive approach that works on the soft skills of the individual at risk that potentially can fall prey to the extremism. Owing to its preemptive nature, CVE differs from conventional counter terrorism approaches. It involves a broad range of practitioners belonging to different fields (non-military and non-security) to address underlying drivers of violent extremism (Chowdhury 2015).

The role of private-public partnership in this regard is gaining recognition at national and international level. The United Nations Human Rights Council in June 2011 endorsed the "Guiding Principles on Business and Human Rights: Implementing the UN's Protect, Respect and Remedy Framework" which necessitates corporate responsibility to respect human rights.[4] The UN has a full Business and Human Rights Resource Centre, which provided updates and implementation processes regarding the Guidelines and the Framework. Global businesses work with the UN for protection human rights where they are abused during conflicts and other situations as their commitment and responsibility under the UN Guidelines (2011).

This global commitment is rooted in the approach that the true essence of CSR lies in the social and economic development to improving lives of the vulnerable segments of the society; hence, investing CSR funding in CVE is an imperative to ensure the accomplishment of the very purpose of CSR. Peace and stability in the region by addressing the violent factors/ideologies and narratives will promote breeding grounds for economic development.

In Pakistan, while government and military forces are focusing on peacemaking activities, it is a right time for private sector to start investing in peace building activities to eradicate extremism from the society for a greater, collaborated and sustainable impact through CVE approach. This can be achieved through the exiting avenues of CSR as corporate sector in Pakistan is also obligated to spend a certain amount of their profits to uplift surrounding communities. The usage of CSR funds by the corporate sector in Pakistan is quite similar to the practice of the development sector as funds are utilized primarily on the physical development of the social sector in the host communities. There is a need to shift businesses interest and money utilized under the head of CSR for conflict transformation processes and promotion of 'winning hearts and minds' efforts.

4.   Discussion and Analysis

Pakistan falls among the most generous nations of the world (as per World Giving Index). Pakistan Centre for Philanthropy publishes reports of Corporate Philanthropy Survey every

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[4] https://business-humanrights.org/en/un-guiding-principles-on-business-and-human-rights-1

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