

Research & Survey – 2014



Poverty Alleviation through Corporate Social Responsibility

By



Intent of the Survey and perspective:

How far can Corporate Social Responsibility (CSR) initiatives help to address poverty, social exclusion and other development challenges? Corporate Social Responsibility (CSR) has been adopted as an approach to international development. But who does it benefit, how and why? Does CSR have the potential to redefine the meaning of good business practice as meeting the needs of poor and marginalised groups? Or is there a danger that, by basing development policies around a business case, we fail to tackle, or worse, deepen, the multiple forms of inequality and social exclusion that characterize contemporary forms of poverty? International organizations such as the United Nations and the World Bank, and national development agencies such as the Department for International Development (DFID) in the UK, have embraced CSR in the hope that the private sector can play a key role in achieving developmental goals aimed at poverty alleviation. The UK's DFID is confident that, 'By following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing'. The idea that the market is a critical vehicle for tackling poverty is emphasised both in DFID's report 'Making Market Systems Work Better for the Poor' and in the report 'Unleashing Entrepreneurship: Making Business Work for the Poor' by the Commission on the Private Sector and Development, convened by former UN Secretary General, Kofi Annan.

At the same time there is also an emerging business case for addressing poverty directly. Within the business community the notion that there is a fortune awaiting those entrepreneurs who target their products at the 'bottom of the pyramid' (BOP) has recently become very influential. CK Prahalad and Stuart Hart, the key proponents of the idea, suggest that private firms can help reduce poverty, and make profits at the same time, by inventing new business models for providing products and services to the world's poor—the four billion people who live on less than \$2000 a year. It assumes that the poor have cumulatively a large amount of disposable income but that their needs are poorly served by firms, which are geared towards middle-income and high-income consumers. Therefore, partnerships with non-governmental organizations, development agencies and local communities are said to be able to help private firms to develop new markets, while providing the poor with access to markets and services. Although such an approach is not directly concerned with the broader social and environmental responsibilities of business, and its conceptualization of poverty is itself problematic, the BOP idea echoes the focus on 'win-win outcomes' in contemporary CSR debates, namely the assumption that CSR can contribute to the welfare of 'stakeholders' while contributing to a firm's financial bottom line. This win-win logic is dramatically emphasized in the title of the recent book by Craig and Peter Wilson: *Make Poverty Business: Increase Profits and Reduce Risks by Engaging with the Poor*.

While designing this survey we referred studies conducted by many national and international institutes like of world bank also according to which *“If it is shocking to have a poverty line as low as \$1.25 per day, it is even more shocking that 1/7th of the world's population lives below this line.”*

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The report of World Bank states that

- **15% of World's Population live on less than \$1/day**
- **40% of World's Population live on less than \$2/day**
- **More than 850 million suffer from hunger**
- **One in 7 people go to bed hungry**
- **17000 children die every day from hunger**

And this forces us to think that why not CSR shall focus on improving this dark side of the earth (*Data Source World Bank*)

Objective of the study

SR Asia conducts annual survey and research on its conference theme. As the majority of the expected delegates are from corporate and business, the survey is intended to capture the prevailing attitude and perception of the business community so that it is presented, shared and help in creating an opinion. The survey composed various questions to receive feedback on key **CSR drivers, motivators, methods, stakeholders, practices** in places, planned or anticipated.

A separate group of four questions was asked on environmental priorities and sustainability. These questions was to get the idea of environmental priorities and action taken by the business organizations. The reason of keeping environment was to see the confronting opinion if any.

Focus Countries:

Asian countries, however we got 95% survey results from Bangladesh alone.

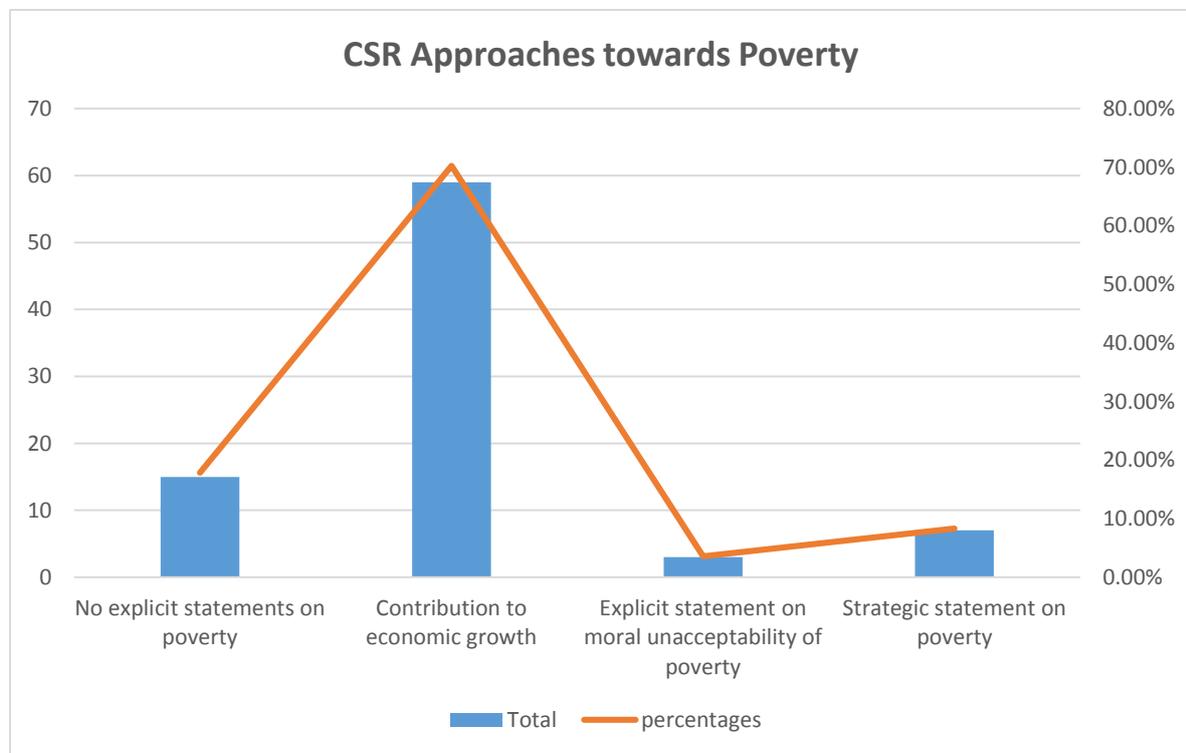
Survey Methodology

This survey was conducted through questionnaire online and offline. Members of Bangladesh German Chamber of Commerce and Industry (BGCCI) also contributed to the survey directly. The survey questionnaire was uploaded on www.surveyplanet.com to receive online responses. FaceBook, LinkedIn and Twitter used as a social media for reaching out to the stakeholders. The survey comprises of twenty questions with multiple choices as responses.

Detailed Analysis and Report:

The responses are analyzed through appropriate statistical techniques. A graph title is a survey question data legends were the options. The graphs are simple and self-explanatory and therefore not interpretation is limited to just comments.

What approach companies follow in poverty alleviation was the first question and the response



Management system in general are focused on business processes and its performances. Here the question was around how companies deal with poverty alleviation. The intent was whether there is systematic approach or otherwise.

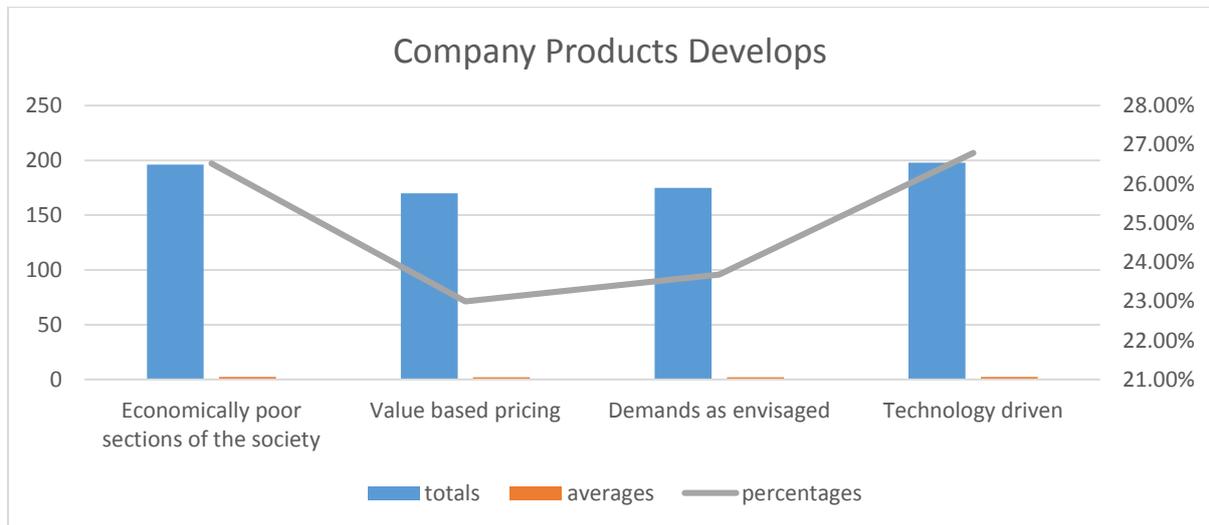
This comes clear from the result that business means economic growth. In general companies are silent about poverty alleviation and there are no explicit and implicit position on the same.

The organisations may be following CSR in one form or the other but poverty is not the link and dimension to business evident at least from this response

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Socially Responsible Production or Service Delivery

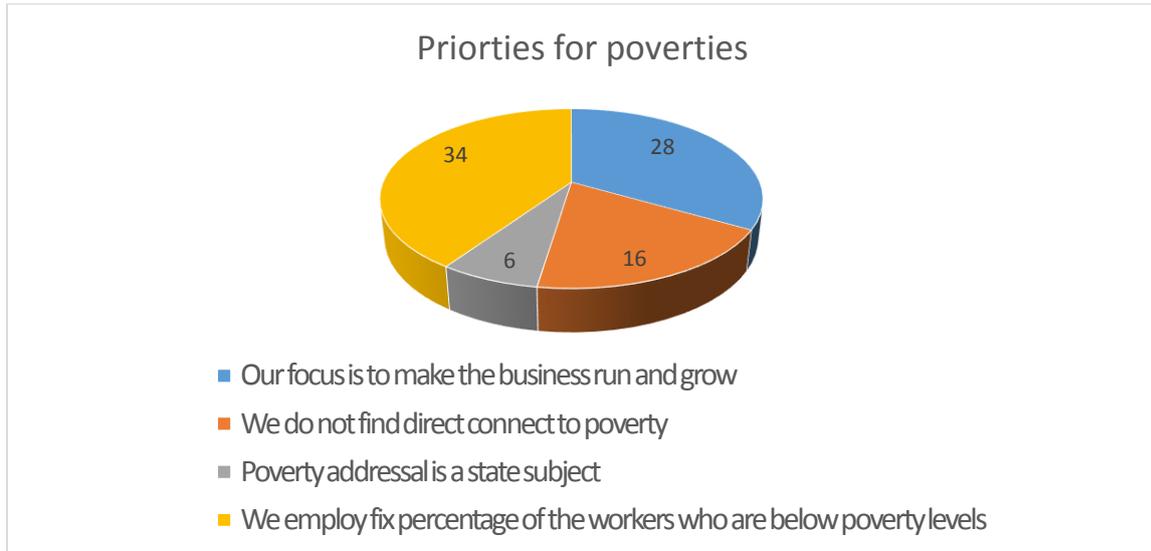
Increasingly, the social factors of production are coming under scrutiny. The health and safety of the workplace, the protection of basic human rights of employees, including the absence of discrimination, shared benefits of economic growth, community development and stakeholder engagement are some of the key social issues over which businesses are stepping up their responsibilities. In any product development process, there are a number of social considerations to take into account, including the opportunity of using the production process to generate a positive social impact. Involving local suppliers, incorporating a cultural indigenous feature, integrating health-supporting or other social value aspects can all be means to creating a product that is sustainable across all bottom lines: social, environmental and economic. This questions was asked above perspective in place and the results is mix of balanced factors.



Combating Poverty

"Combating poverty" is the priority agenda among governments worldwide and agencies like UN. It is also in commitment 2 of the Copenhagen Declaration on Social Development. The role of business is seen by providing opportunity for employment as one of the initiative.

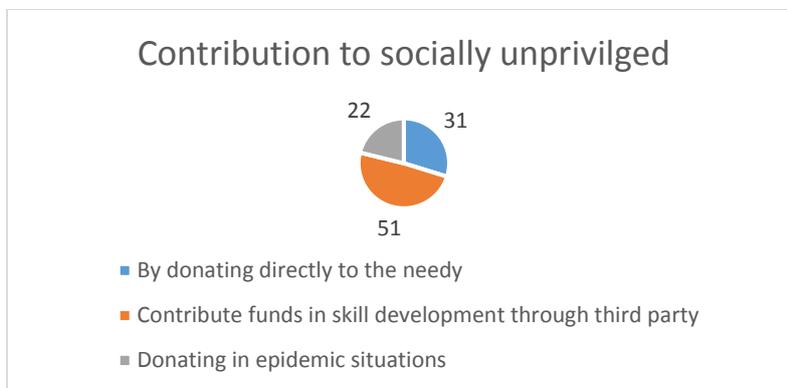
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Combating poverty is not the business of the business directly. It must be allowed to do business is the survey outcome. The state role in poverty alleviation is direct and business in any way support it indirectly by many ways and means e.g. creating job & employment,

How business contribute to socially unprivileged

The business community believes that skill development and donations from their side are the key contributions.

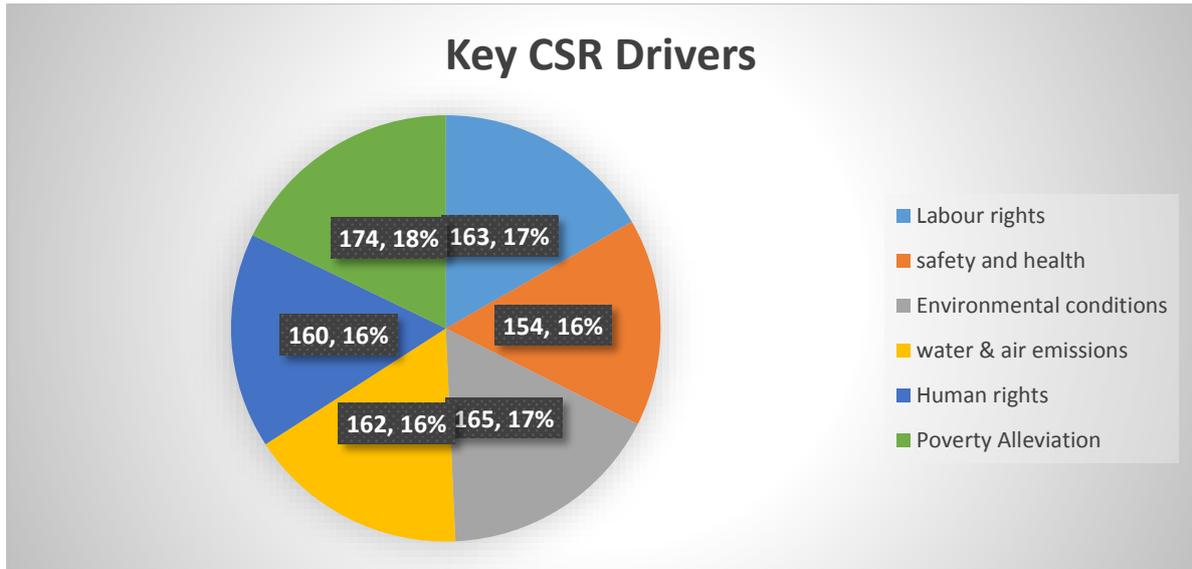


Donation is the leading factor when it comes to extending help to under privileged. This philanthropic approach is still leads in developing countries.

What are the Key Drivers to Corporate Social Responsibility (CSR) ?

Poverty is a multidimensional economic phenomenon that has both political and social ramifications. It exists throughout generations and societies irrespective of cultural affiliation and geographical boundaries. Although the nature of poverty may vary from community to community, culture to culture and time to time, poverty persists in both rural and urban areas alike; and also in both developed and developing economies. Having this in mind key six aspects and core elements of ISO 26000

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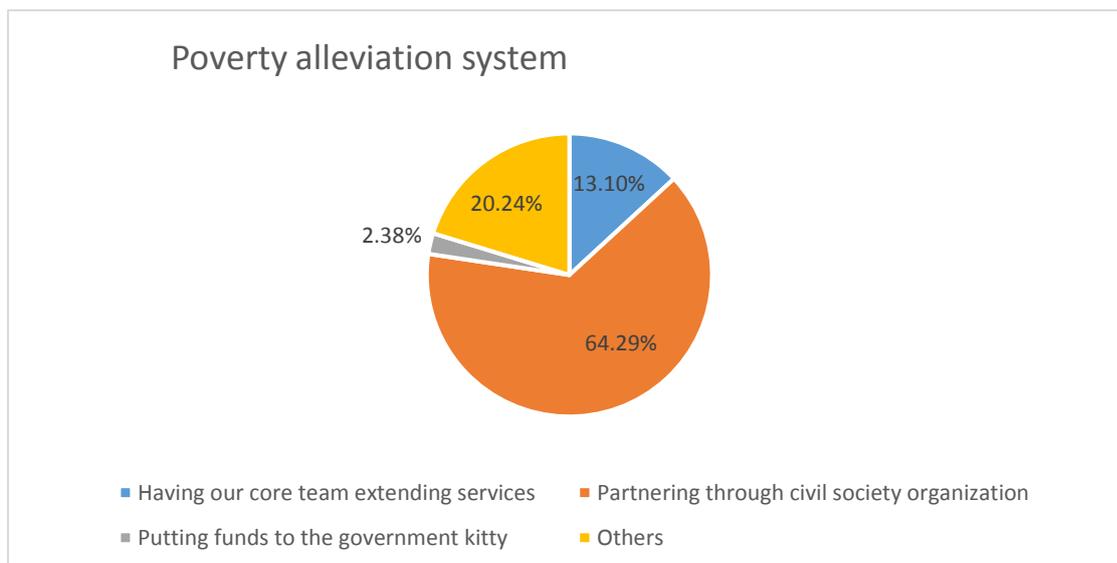


As we find almost equal score here for different parameters, this can be deduced that as such companies have no priorities and focus to drive their CSR program and policies.

Does companies have systematic approach in addressing poverty was the intent of the question and the response is big “NO”.

Poverty alleviation Approach

Poverty alleviation requires multiple approaches to improve the status quo. World bank data provided horrible situation of the poor but organisations are not doing anything to change it directly.

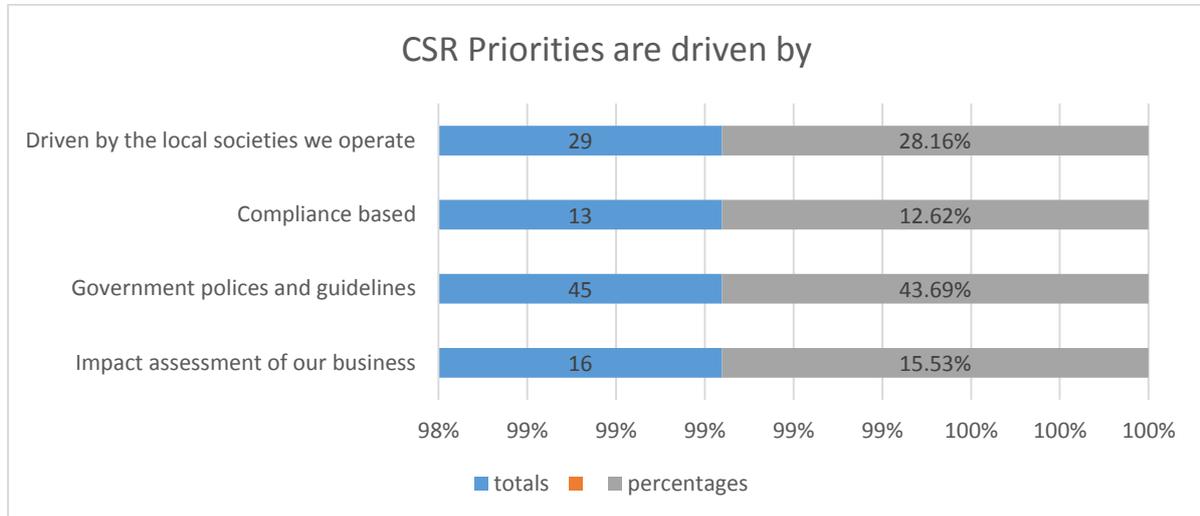


The most preferred intervention by corporate to managing poverty is to partner through civil society organisations.

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Corporate Social Responsibility – Prioritisation

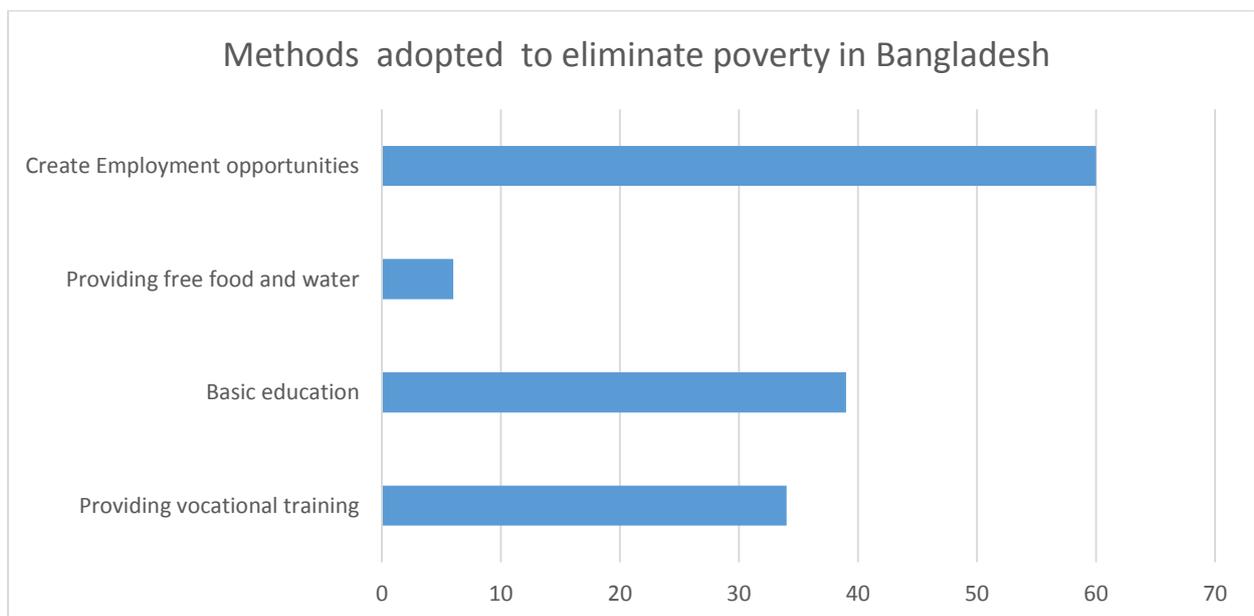
How the organisation put their CSR priority in order, and it is found that government has a key role to set it right.



The main driving forces for corporate responsibility are governmental and public pressures as shown in the above bar chart.

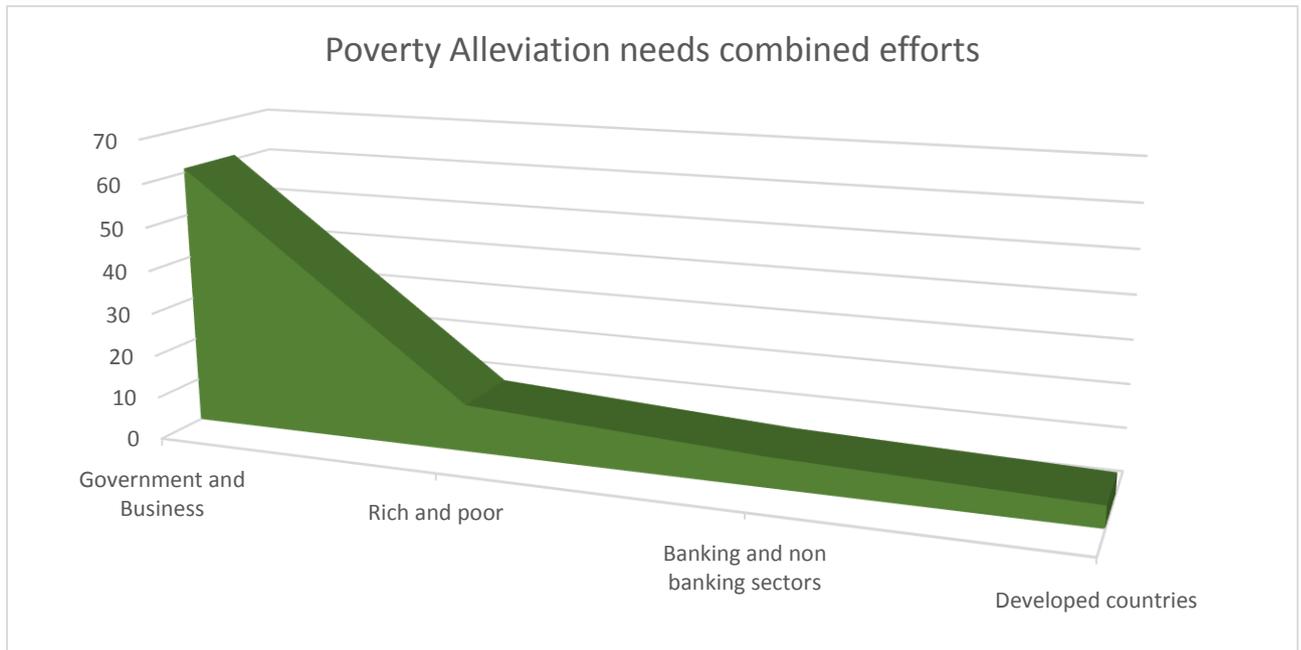
Methods adopted to eliminate poverty in Bangladesh

What are the suitable ways and means that business organisation adopts in Bangladesh to eliminate poverty and the results demonstrate that creating employee opportunities and vocational training are key factors.



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Next in the series was about who are the main stakeholders in poverty alleviation and clearly government and business has main role. Others has no role as we interpret this data.

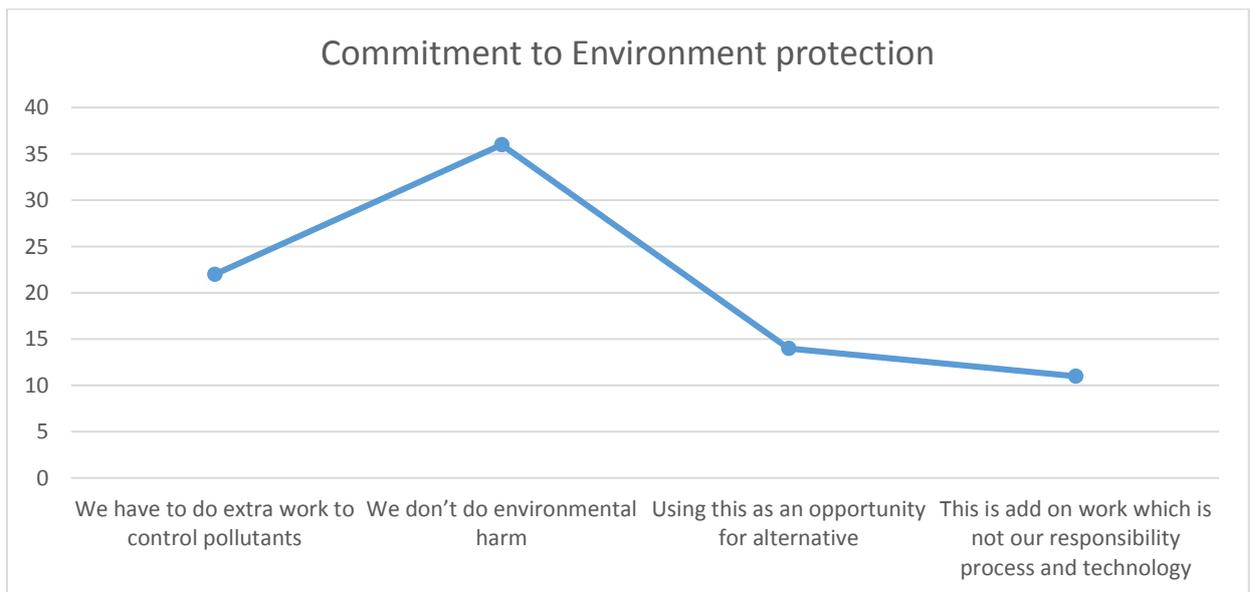
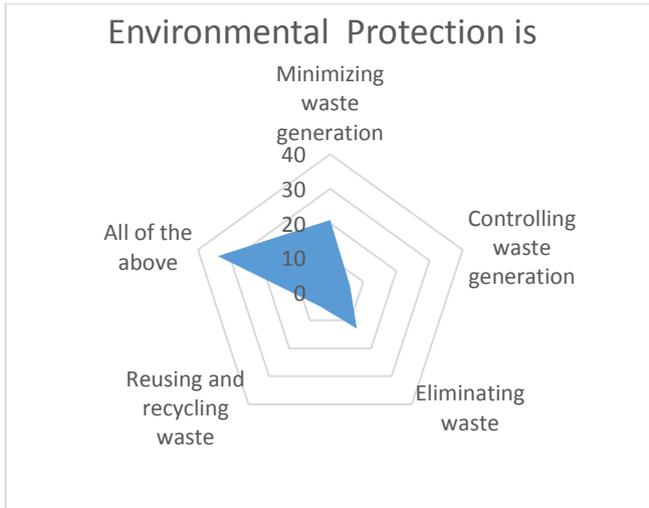


Environment, business and poverty alleviation

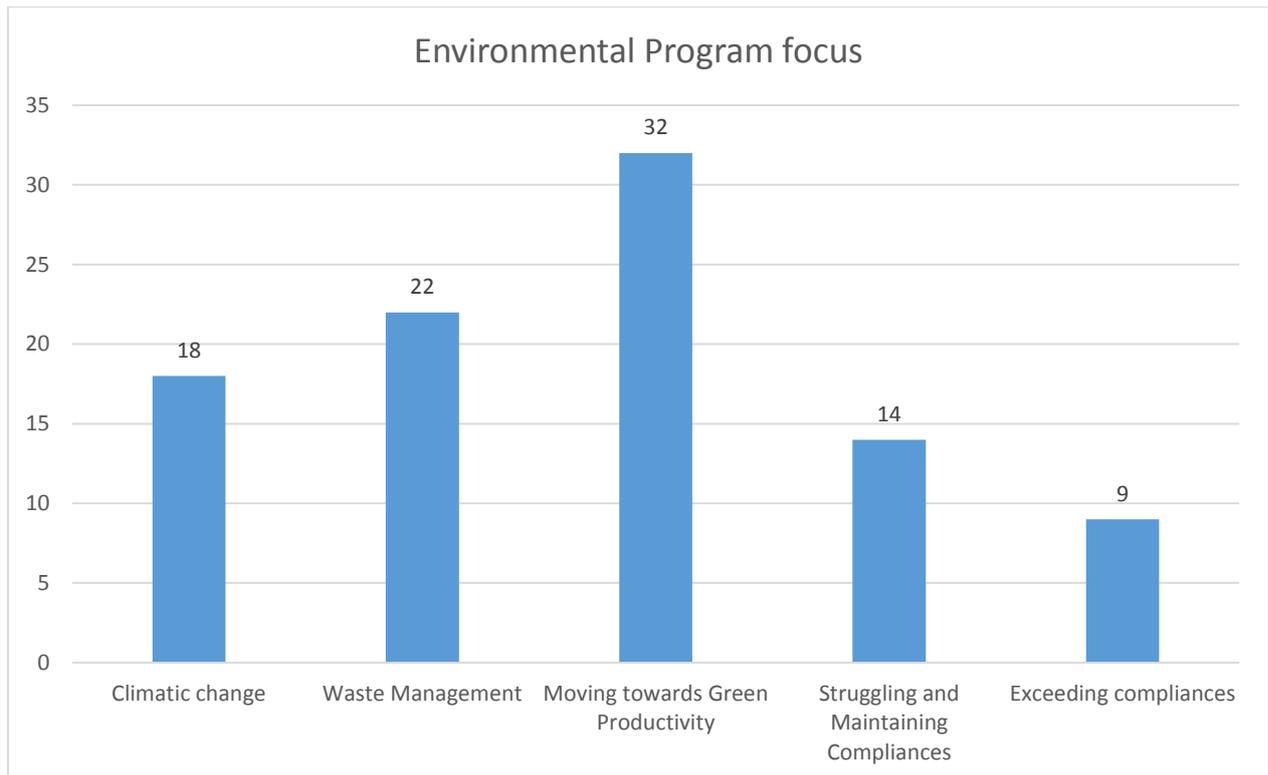
Environment is the core aspect of sustainability. Environmental threats are directly linked to the poverty in many ways and means. As we continue to pollute and harm our environment unpredictable natural disaster are on rise. Very recent floods in Thailand, China, Pakistan and J&K lead to thousand homeless and loss of billions of dollars. There are other kind of floods taking place and one was in India's pilgrim Kedarnath in the year 2013 in which thousands of people, animals washed away with muds and water and has no track of the same as there is no data available as villages and families together are no more. The coastal zone in Bangladesh are prone to floods and very often it is flooded. Therefore as we continue to harm the environment we face not only flood like situations but many more unpredictable. The polluted air and water is spreading multiple diseases and some of them not curable as well. Rural areas which are dependent to rain water for crop and harvesting are affected due to climatic change and have livelihood issues. These few issues mentioned and many more not covered here are also responsible for widespread poverty. As long as environment is not protected and sustained at healthy level poverty alleviation will remain a far off objective to achieve. This was the intent to ask few questions on the environment and cross verify the results of these questions to the poverty asked in the first fifteen questions.

The findings and analysis through RADAR chart indicates that business is fully aware of environment issues and concerns.

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From the above four question and statistical analysis the results are self-explanatory. Extrapolating it further this can be said that environment awareness fully exist among business community and they give them self-clearing certificate as regards to environmental pollution. Another important factor where business want to take a positive move is going green and adopt and adapt a path of sustainability.

Seven Key Output of the survey

- Poverty alleviation is the job of the job of the government
- Allow business to do business
- Social work is for Non-Government organization
- Most CSR initiatives not business driven
- No systematic approach within organization to address poverty as such
- Government and business combined affords a must for poverty alleviation
- Everybody care for environment

Conclusion and Recommendation:

As we closely look at this research results, we can conclude that business's in general are not directly linked to the subject concern which for sure is in the governments high priority.

Encouraging Companies to take seriously their social and environmental obligations to society is to be encouraged. The business of business is no longer just business, if indeed it ever was. Expecting too much of CSR, particularly regarding its contribution to tackling poverty, however, is unrealistic. Philanthropy, standards and codes of practice and engagement in partnerships make potentially important contributions to development. In and of themselves, however, they are inadequate. They fail to address either the non-CSR poverty impacts of business practice nor acts of corporate irresponsibility. It remains the case that CSR initiatives have not yet been adopted in most parts of the country by the majority of firms, public and private, multinational or small and medium-sized, in other words by the majority of employers of the poor. They fail to address difficult questions about treatment of suppliers and workers' rights or about community reinvestment and obligations to invest over the long term or to provide job security. The range of development issues they address, while important, is limited. It remains the role of governments, supported by donors and working with both firms and civil society groups, to enable the implementation of a CSR agenda which looks at the range of business impacts upon poverty and the potential contributions of all actors in development towards helping to achieve the poverty alleviation.