

## The Impact Of Ethical Values On The Corporate Social Responsibility In Public Sector Of Pakistan

Sana Razaq<sup>1\*</sup>, Mushtaq Ahmad<sup>2</sup>, Sehrish Zahid<sup>3</sup>, Wajeeha Razaq<sup>3</sup>, Ramla Gul<sup>3</sup>, Noormah Naeem<sup>3</sup>

1.\*House # 10, street 158, sector G13/4 Islamabad.

2. APCOMS, Khadim Hussain Road, Rawalpindi, University of Engineering & Technology, Taxila, Pakistan

3. International Islamic University, sector H 10, Islamabad

\*Email of the corresponding author: [sana.razaq@yahoo.com](mailto:sana.razaq@yahoo.com)

### Abstract

This research paper shows that ethical values in the organization have impact on the CSR activities of the organization. All the parameters, the researchers use in the research is well tested and exercised before. To explain the point of view in well understandable manner, a structured model is derived from the literature on the topic of the research. This result also helps the public sector organizations of PAKISTAN to understand the reasons and causes of few CSR activities in this sector. Also gives them some recommendation to improve their processes for establishing the CSR culture in their organizations.

**Key words:** Corporate social responsibility, Ethical values, Motivation

### 1.Introduction

The article explains the relation of the corporate social responsibility and ethical values of top management at the workplace. This paper presents and discusses relevant theories of CSR in the light of ethical and motivation. It discusses CSR from ethical perspectives – an ethical perspective

Which focuses on creating a good society?

Corporate social responsibility is highly discussed topic among the researcher and scholars. CSR has many different perspectives, it ensures the good and safe working conditions for the employees at the work place, justice among the employees, safe and good quality products and services for the customers, follow government rules and regulations, do not involve in unethical business practices, do not destroy environment for their own profit, work for the betterment of the society, it is not implemented by law but it is a self regulatory process for the organization. No one impose this responsibility on the organization.

The role of the public sector in CSR is complex and is an emerging field. As the term “CSR” has not yet taken hold in many public sector agencies, many of their interventions have not been undertaken explicitly as CSR initiatives, but nevertheless could be seen as part of the agenda. There is therefore a wealth of relevant experience among public sector agencies that is currently being overlooked.

The ethical values of the top management have great impact on the CSR of the organization. As it is self regulatory system, no laws and rules are present for it. So if organization has strong ethical approach and wants to do work for the betterment of the surroundings, they do participate in the CSR. If top management follows the proper code of conduct at work place and this also penetrate in the lower management and ultimately organization as a whole work for the society, customers and their business partners.

The Reseachers have observed that public sector organization do not involve much in the CSR activities inside the organization and outside the organization the main reason behind it the unethical concern of the top management towards employees and society’s well being. The top management does not behave well with the employees and they do not get motivated for doing their duty in an ethical way and also do not consider any harm in the organization and outside the organization. The ethical culture of the organization has strong impact on the employees and their productivity, this unethical culture of the employees transfer to the society.

Ethical theories argue that the relationship between business and society is fundamental to ethical values. From an ethical perspective, companies should thus accept social responsibility as an ethical obligation more than any other consideration.

## **2.Literature review**

### **2.1.Corporate Social Responsibility**

There is no single definition of CSR which would be accepted worldwide. The International standard organization (ISO) defines the social responsibility as a poise move toward organization to address financial, societal and technological challenges and issues in such way that aims to provide benefits to humanity, community, and society (International organization for standardization, 2012). According to Kotler and Lee (2005), CSR is a tool for organizations to carry our different activities to support and solve social issues and to fulfill commitment. Corporate social responsibility began to get immense important in the second half of last century. In 1953, Bowen (1953) wrote a seminal book “Social Responsibilities of the Businessmen”. But, after that there was a change from business social responsibility to CSR. Moreover, this field has got significant growth and today contains large number of theories, terminologies and approaches. Society and business, corporate citizenship, corporate sustainability, public plans, stakeholders management, public and social accountability are different notation of CSR (Garriga & Mele’, 2004). Instrumental theories use to achieve economic objectives of the company and wealth creation by following legal framework and ethical custom of existing environment. According to Windsor (2001) consistent wealth creation of company depend upon managerial conception of responsibility. Some investment and work for social activities and benefits contributes for more satisfaction and profits for shareholders (Odgen and Watson, 1999; McWilliams & Siegel, 2001). There are a lot of studies which have shown that there is a positive relationship between CSR and financial performance of an organization (Key & Pupkin, 1998; Roman et al, 1999).

CSR is one of the best tools to get competitive advantage (Porter & Kramer, 2002). It also enables the organization to generate and allocate the resources in effective and efficient way (Petrick & Quinn, 2001). By focusing on bottom of pyramid, organizations can improve the standards of living as well as get more customers-more profit (Prahalad, 2002). Similarly, there are many organizations which are focusing cause-related marketing to create the reputation of organization as a reliable and honest (McWilliams & Siegel, 2001).

### **2.2.Ethical values**

Ethical CSR implies that companies focus upon ethical perspective. Approaches are focused on the ethical requirements that strengthen the relationship between business and society (Garriga & Melé, 2004). In general these approaches are based on values that state the right thing to do or the obligation to create a good society.

The role of business is to create value to improve and protect societal and environmental health (Bansal, 2005). There is an ethical argument that says that forms are morally obliged to give back to the societies in which they exist. Firms are obligated to make a payment in kind for using society’s infrastructure, land, air, water, plants, and animals to generate profit. They have a duty to reimburse society for the negative externalities their activity generates.

Ethical values are the central and most important perspective of the organization. These ethical values always have impact on all the strategies and polices developed by the organization’s top management.

Four basic elements of the ethical values:

- 1) written code of ethics and standards;
- 2) ethics training to executives, managers, and employees;
- 3) availability for advice on ethical situations (i.e. advice lines or offices)
- 4) systems for confidential reporting

### **2.3.Motivation**

Motivation is the psychological feature that arouses an organism to action toward a desired goal and elicits, controls, and sustains certain goal directed behaviors. Motivation can be divided into two types: internal, or intrinsic motivation, and external, or extrinsic motivation.

#### **a) Intrinsic motivation**

Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure

#### **b) Extrinsic motivation**

Extrinsic motivation refers to the performance of an activity in order to attain an outcome, which then contradicts intrinsic motivation. It is widely believed that motivation performs two functions.

- The first is often referred as to the energetic activation component of the motivation construct.
- The second is directed at a specific behavior and makes reference to the orientation directional component.

Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, and threat of punishment. Competition is in general extrinsic because it encourages the performer to win and beat others, not simply to enjoy the intrinsic rewards of the activity.

The productivity of the employees is very much depending on the motivation of the employee whether it is extrinsic or intrinsic

### **3. Research Methodology**

In the study is about ethical values has impact the CSR activities of the organizations in public sector of PAKISTAN. The researchers decided to collect first hand data because there are very few researches conducted on this topic before. After doing work literature review the researchers designed the questionnaire on the basis of this literature review and some questions also pick from the already conducted research. In the questionnaire the researchers use likert scale. The researchers put all effort for making the research more and more valuable and beneficial.

First the researchers formulated hypothesis, distribute the questionnaire for testing the hypothesis. Through questionnaire the researchers evaluate that how much employees in the public sector organizations are agreed with the view point and how much of them neglect the view points. The researchers distribute the questionnaires in the employees of grade 17 or more. After collecting 93 out of 100 questionnaires the researchers evaluate all the results and designed some findings from this collected data. At the end of the paper the researchers give some conclusion which comprehensibly covered all the research paper.

### **4. Findings**

The researchers have researched the pattern of CSR in the public sector of Pakistan. Most of the organization in the public sector does not have good reputation in the public because of their performance. These organizations follow the rules and regulations of the Pakistan Government and ruled by the bureaucracy. These organizations do not much involve in the CSR activities inside the organization and outside of the organization.

In these organizations most of the people in the top management do not have much idea about CSR, they just do their routine work and different tasks assign to them by their heads. Do not think about doing CSR. As the lower management cannot do any work or perform any activity on their own, they have to follow the instructions of the top management

Top Management in the public sector has no idea about CSR. Everyone in the top management does work for his own self and are not self motivated to implement new business ideas in the organization. CSR is not included in the preference list of the management. Their first preference is the governance and profit of the stake holders. They do not much consider about the safety and other issues of the employees at the work place.

The objectives and strategies of the public sector are formed y the government of Pakistan and CSR is not included in their strategies. The ethical values are not so much followed in these organizations.

Everyone is working for their own purpose, top management do not much concern about the employees and external environment. They are still following the old terms and conditions of the business. They are still making strategies on the traditional way.

The employees at the middle and lower level in the organizations are not motivated to do CSR inside and outside the organization. Intrinsically some of the employees are motivated at the middle level of the management to do CSR at least for the employees but these employees face a lot of the problems and restriction from the top management. Their heads do not allow them to do this.

Overall ethical values of the organization do not focus on the betterment of the employees and society as well. The ethical values in the top management penetrate in the lower management

There is no commitment between the ethical values and organizational strategies. Organizational ethical values have great impact on the employee's behavior at top middle and lower level employees. Top management is not concerned about implementing the ethical values in the organization. There are just concerned about completing different projects

Through the research the researcher found that the organizations in the public sector do not involve in CSR activities because top management do not have much knowledge about CSR.

Officers are not motivated for doing some work for the betterment of the society. Employees are not satisfied with their jobs or productivity or office environment. Those employees who are working in the field are not satisfied with the facilities and their job. When employees are not satisfied with their job they are not motivated for doing work for

the betterment and welfare of the society. They are just doing their duties and fulfill their responsibility. They are doing their jobs just for the sake of their bread and butter.

### **5. Answers Of Questions**

#### **1) Do you know the concept of Corporate Social Responsibility?**

Most of the employees in the public sector of the organization do not have much idea about the CSR. Most of the employees in the top management are old graduates and do not have idea or have little idea about the new business ideologies.

Some of the employees in the top management have idea about CSR but there are some others factors because of which they cannot implement this strategy in their organization.

#### **2) Which is the area of Social Responsibility more significant for your company?**

- Governance and dialogue with the stakeholders
- Policy towards employees
- Relationship with clients and suppliers
- Relationship with the community
- Environment protection

Those few public sector organizations that are doing some of the CSR activities, their main concerns are governance and relationship with the clients and supplier. This relationship is very important for business processes so this is their first preference.

#### **3) Does the strategy Of Corporate Social Responsibility of your organization contribute to the success of your business?**

Most of the public sector organizations do not have implemented strategy of CSR in their organization.

#### **4) Does the customer participate in the defining of the CSR strategy at your organization?**

In most of the public sector organization customers did not participate in defining the CSR strategies because there is no proper system of getting feedback from the customers that's why no strategy was defined for CSR. But now in some public sector organization top management has changes their approach they develop a proper system of the feedback. they are now thinking to implement the CSR strategy , get feedback from the customers and have plan to change their strategies according to their demands and suggestions.

#### **5) Do you think the ethical values in your organization promote CSR activities?**

Most of the employees have answered no. the ethical values in the organization do not promote the CSR. Most of the employees are also not satisfied with the ethical values in their organization they said that the organization do not have any defined set of ethical values.

#### **6) Does the top management of your organization have some approaches for setting the CSR strategy?**

Most of the employees said that their top management does not have any clear approach for setting CSR strategy in the organization.

#### **7) Do the principles of your corporation help in defining the limits of corporate social responsibility done by corporation?**

Principles of the organization do not support the CSR in the organization. Management does not have clearly defined the principles that support CSR activities.

#### **8) Does your organization use innovative methods in area of corporate social responsibility?**

No organization uses innovative ideas for CSR.

#### **9) Does your organization motivate your employees to participate in CSR activities?**

Organizations do not motivate the employees for doing CSR activities. Most of the employees are not satisfied with their jobs and management so they are not extrinsically and intrinsically motivated for the CSR activities at work place and for the welfare of the society.

#### **10) Do you think that employees motivation at top level of organization effect CSR?**

Yes it is right. If the top management is motivated intrinsically for CSR, then they make the some polices for CSR. Their motivation makes ethical values that support CSR activities.

#### **11) Do you think that ethical values are transferred from top management to the lower management?**

Yes ethical values transferred from the top management to lower management. Top management is like role model for the lower level employees. If the top management has defined and strict set of ethical values, if they follow the ethical values at the work place this also affect the lower level employees.

**12) Does your organization want to achieve some purpose through CSR?**

Most of the employees told us that their organizations do not have any define rules for CSR. In some organizations management maintain good relations with their stake holders and supplier through the strategy of CSR.

**13) Do you think that government rules and regulations affect your CSR activities?**

Yes in public sector organizations government rules and regulation affect the CSR activities in the organization. All the activities and principles are define on these rules and regulation,

**14) Is the ethical motivation of top management is the reason of CSR performed by organization?**

Yes ethical motivation of the top management is the main reason of the CSR performed by the organization.

**15) Which are in your opinion problems related to the development of initiatives in the field of social responsibility by your company?**

- lack of knowledge
- lack of institution assistance
- lack of specific legislation on CSR
- business benefit not immediate
- high costs
- lack of corporate skill
- little impact on social and environmental business
- few interest of the company

50% respondent said that lack of the knowledge and legislation on CSR are the main problems to the initiatives in the field of the CSR by the organization.

40% said that lack of institution assistance and lack of knowledge are the reason.

10% said that that high costs and business benefits are not immediate are the reasons.

**16) Do the mission and vision of your organization help in developing ethical values that support CSR activities?**

Yes 95% of the respondents said that the mission and vision statement of the organization has great impact on the CSR activities performed by the organization.

**17) Are your lower level managers motivated to support CSR activities?**

90% top managers said that their lower level employees are not motivated to support CSR activities. Most of the lower level employees are not satisfied with their jobs.

**18) Do you think ethical values have impact on the CSR activities of your organization?**

Yes 98% of the respondent said that the ethical values have great impact on the CSR activities of the organization.

**6. Conclusion**

After conducting all the research the researchers concluded that ethical values have impact on the CSR in the public sector of Pakistan. As the researchers all know that CSR is self regulatory process, not implemented by any law or rules, no one can impose this process in the organization. Organization itself works for this; realize their social responsibility work for the betterment of the society and its employees. As the research discuss two important variables that affect the CSR in the organization, the researchers conclude the research at this point that if organization has good and the researchersll defined set of ethical values, employees are first motivated intrinsically and extrinsically, follow the ethical values of the organization, then organization is able to participate in CSR activities inside and outside the organization.

It is also concluded that there is no ethical code are defined by the organization to the employees and no ethical values are followed by the many of the employees. The researchers also concluded that the employees are also not satisfied with their jobs due to different reasons so they are not motivated to do some good work for the society. From the research the researchers found that most of the employees in the organizations have lack of knowledge about CSR, some even do not have any knowledge about it. Due to the ethical environment in the organizations employees are not committed with the organization as well as with the society.

## 7.Recommendations

It is recommended to the public sector organization in PAKISTAN, that

- They should define the ethical values in the organizations
- Set some rules for maintaining the ethical environment in the organization
- Develop some strategies for starting CSR activities first at the work place then soar the society
- Satisfied the employees, because if employees are satisfied with their job then they are motivated for doing work for the betterment of the society.
- Extrinsically motivate the employees.
- Now the private organization focus more on CSR, for building strong relationship with the customers and focus on long term profit. Public sector firm also focus on this to compete with them.
- In the business world in coming years there will be more ethics that leads to CSR, for survive successfully in future public sector should start work on developing strategies and culture that promotes ethical values at the work place.
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