Acknowledgements

No research of this nature can be done without the active support of companies and managers, they gave us open access, their inspiration and valuable insights. Their enthusiasm was contagious. We also want to recognize the important support provided by our supervisor Olof Brunninge and opponents. Finally we want to thank SIDA for enabling this project through their Minor Field Study scholarship.

It is our wish that this research will contribute to inspire companies and entrepreneurs that wants to contribute to a sustainable future.

Borås 31 maj 2012

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Abstract
Research title: The pursuit of strategic CSR
Year of issue: 2012
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Awareness and understanding of the concept of CSR and how to apply it to the individual organization is a question that many entrepreneurs and organizations ask. The concept of CSR has the opportunity to bring the entrepreneurial and innovative energy of private enterprises to solve the critical problems in developing countries.

There has been an intense focus on Corporate Social Responsibility, its implications and the role of the private sector over the past decades. CSR is gaining recognition within the business sector and is starting to become a part of companies’ strategies. The problem has been that companies do not know how to approach this emerging concept and integrate it into their organization. This paper adapts the previous theories and by transferring and building knowledge from the companies examined in our research we develop strategic CSR guidelines for small and medium sized companies (SME’s) in a developing country context. The purpose of this thesis is to conduct research on CSR-strategies in core business activities. We have contributed with practical examples on strategic CSR and constructed guidelines to a successful CSR integration process for entrepreneurs and SME’s that aspire to run profitable sustainable businesses in developing countries. Finally we have also provided clarity to the theory of strategic CSR and its implications in a developing country context.

The research has built its foundation on a qualitative approach that highlights examples of successful strategic CSR integration in companies that are active in the developing country context of Nepal. In dept interviews with founders and employees have been conducted on five companies from different sectors as well as a CSR expert. A total of eleven in dept interviews have been carried out. The empirical material has been analyzed with a connection to the theoretical framework in our study. In the conclusions and final remarks we have constructed a set of six guidelines to inspire and enable more entrepreneurs and SME’s who wants to engage in the CSR aspects and integrate it into their businesses. The main factor that we have found important for the integration process is the values of the founding entrepreneur and it´s transmit to the organization culture and business core activities.

Keywords: Strategic CSR, Core activities, Developing countries, Sustainability, Guidelines, SME
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1 Introduction

This section seeks to put the research into a larger context. It is important to understand why the role of the private sector has become a critical element of social and sustainable development. The approaches to CSR as a potential business opportunity is gaining a growing recognition and new perspectives are emerging.

1.1 Background

During the last few years with a shaking financial system and trembling ecosystems no one can have gone unnoticed that we do not live in a world of unlimited resources; neither economically nor physically. In an increasingly globalized world, education, science and business stand before completely new challenges and opportunities. With this starting point we want to shed light on the possibilities that comes with implementing corporate social responsibility into business models.

During the recent years NGO’s, academics and managers have started to discuss the need for an alternate approach to poverty alleviation and the potential function of the private sector and entrepreneurship as one of the critical fundamentals (Prahalad 2010). There is a growing acknowledgment that the social and environmental challenges facing us in the twenty-first century are so multifaceted and complex that they cannot be solved by governments only. It is calculated that the world´s inhabitants will amount to approximately 9 billion people by the year of 2050. If we will continue to consume as we do today we will utilize natural resources of 2,3 planets in 2050. Clearly vast changes have to be made to reach sustainability (WBCSD 2010a).

The Human Development Report (2011) argues that action must be taken when it comes to the urgent global challenges regarding sustainability and equity. Industry has to be a part of the solution. Until recently, little attention was paid to the role of the private sector in poverty alleviation and sustainable development. The millennium development goals were originally developed without recognition of the role that the private sector could play. It was later that the social compact with the private sector was formulated by the secretary of the united nations, Mr. Kofi Annan (Prahalad 2010).

Perhaps the biggest spur for change has been the rising awareness within businesses itself that plenty of the critical social and environmental challenges of our age, once seen as obstacles of growth, have become opportunities for innovation and business development. We have arrived to a point where sustainability and corporate social responsibility is not only vital to business strategy but has become a significant driver of business growth. Developing countries offers great and vast business opportunities within the field and there are numerous of opportunities to make an impact in the society, environment and for living conditions (Windell 2006). In many cases, private enterprise must work together with civil society, governments, aid agencies and philanthropists to produce innovative solutions (Prahalad 2010).
There is a lot of skepticism and discussion in understanding the role of markets and the role of capitalism and a belief that the business sector cannot be trusted with the problems of sustainable and social development (Yunus 2009). Many wonder whether market-based solutions are the answer. The viewpoint has been that profit motive and poverty alleviation do not fuse easily or well. Now, a broader perspective is emerging from aid focused on infrastructure projects and public spending on education and health, towards a belief that private sector participation is a vital component to sustainable development (Prahalad 2010). The real issue is not whether markets can solve all problems, they might not. The real concern is: How do we bring the entrepreneurial and innovative energy of private enterprise to assist in solving the critical problems facing humanity? (Prahalad 2010)

### 1.2 Problem discussion

The private sector has an extraordinary power and innovative drive that can offer the vast resources and innovation necessary to lead the development in their surroundings. With background to the challenges we are facing in the 21st century, the involvement of the private sector in the pursuit of a sustainable world is of vital importance. Moreover, to build a solid and sustainable foundation it is crucial for a nation not to depend on aid assistance (Prahalad 2010).

Today, we are seeing a growing demand from the public that businesses should make social issues part of their strategies. Many companies and business leaders are trying to meet these demands on daily basis from a variety of stakeholders and devoting resources to CSR activities (McWilliams and Siegel 2001). Despite the pressure from various stakeholder groups the outcome of the CSR efforts from the companies are usually philanthropic contributions. This is due to an underlying controversy over CSR, where some managers believe that socially responsible activities would have a negative effect on profits (Lantos 2001).

Strategic CSR goes against the current philanthropic practice and aid focused contributions in developing countries and has the purpose to generate value for the company through the CSR activities. Most often, philanthropic contributions are distanced from business goals, undermining the impact and value added and according to Lantos (2001) something that lies outside the proper scope of activities in a business organization. However the perspective on the importance of business involvement in the societal development is changing and the implementation of Strategic CSR is seen as pragmatic and viable in the context of developing countries as a way to poverty alleviation (Prahalad 2010).

From a business perspective the problem is that strategic CSR is seen as self-serving and insincere which is a common misconception (Jones 1997). This is one of the reasons why business chooses philanthropic over strategic CSR but according to Lantos (2001) strategic CSR should be embraced and not condemned as self-serving since it is a justifiable investment for all stakeholder groups. With that said, by choosing the
philanthropic approach companies may be missing great opportunities to benefit the business financially meanwhile boosting the welfare of society (Porter and Kramer 2002).

The challenge today, is that corporations with a positive attitude towards CSR are facing problems regarding those of know-how and profitable implementation into their core business activities. There is limited research and foundation for the practical implementation of strategic CSR (Grankvist 2009). For the solutions to be sustainable within the business context, creating a financial surplus is critical. New and creative approaches are needed to convert the concept of strategic CSR into a tangible and conceivable opportunity for all concerned (Prahalad 2010). Regarding this matter, the influence of strategic CSR is facing a growing recognition within the context of CSR every day.

There is today a broad academic and professional framework on the topic of CSR (Crane, Matten & Spence 2007). However, strategies within CSR in a developing country context are a relatively unexplored topic which has potential to contribute with theoretical and empirical perspectives within the field (Belal 2001; Jamali & Mirshak 2007). Today most of the CSR studies conducted so far have been in the context of developed countries, such as Western Europe, the USA and Australia (Belal 2001). Since strategies within CSR in a developing country context are left relatively unexplored (Belal 2001; Jamali & Mirshak 2007) it can be a complex task for companies in developing countries to implement CSR in their business models. In addition, research conducted on CSR practices remains mostly limited to large companies in developed countries and only recently the focus has shifted to SME’s (Fuller and Tian 2006; Murillo an Lozano 2006; Spence 2007). Finally, it is a subject where it is possible to bring a constructive impact on people and business when put into practice.

To expand the framework of research on strategic CSR in SME’s, the empirical data of this study is collected in the developing country context of Nepal. We recognize that Nepal is a developing nation of need, at the same time it is a country that even though being one of the poorest nations in Asia, is making improvements on social outcomes. Nepal’s potential is high, while at the same time the country struggle with critical structural problems. Progress is a stressed matter and Nepal is indeed a country in deep need for a strong CSR commitment where small changes can have a great impact. At the same time the business sector in Nepal is showing a growing interest in adopting CSR and social and ecological values (IMF 2010). With this background we find it suitable to conduct our research in this developing country context. We present the context more extensively in our theoretical framework.

### 1.3 Purpose

The purpose of this thesis is to conduct research on CSR-strategies in core business activities and expand the theoretical framework of strategic CSR in a developing country context. We want to contribute with practical examples on strategic CSR and construct guidelines to a successful CSR integration process for entrepreneurs and SME’s that aspire to run profitable and sustainable businesses.
1.4 Research questions

As a reflection to the background discussion we have prepared our research questions accordingly.

- How are strategic CSR activities identified as successful and sustainable investments?
- How can SME´s integrate strategic CSR?

1.5 Definitions of concepts

1.5.1 Strategic CSR

Strategic CSR is a business involvement in societal, environmental economical issues that simultaneously supports the organizations core business activities and thereby contributes to the firm´s effectiveness in accomplishing its goals and financial profitability (Porter and Kramer 2002). Strategic CSR is a philanthropy that is aligned with profit motives (Lantos 2000) and where investments on strategic CSR activities are usually intended as long-term investments, that likely will create a financial surplus (Vaughn 1999).

1.5.2 SME´s

Many people have a broad sense of what constitutes an SME, often the idea of a relatively young and quite fragile business. However the issue of what constitutes a small or medium enterprise is a major concern in the literature. Definitions of what constitutes an SME vary significantly from country to country and even within single countries, depending on the business sector concerned. Different authors have frequently given varied definitions to this category of business. According to Fischer & Reuber (2003) the term SME covers a group of businesses in a developing market, spanning from a single entrepreneur working in a small shop producing handicrafts for a village market to sophisticated engineering enterprises exporting to overseas markets. We have chosen to work with a broad definition of SMEs that range from 5 to 100 employees.
2 Method

In this section we discuss our choice of research method and the process for our data collection. We argue for the relevance and validity of the chosen approach and selection. Furthermore we consider the various consequences of such an alternative.

2.1 Scientific approach

The process of our research is a combination of a deductive and an inductive approach (Bryman & Bell 2011). The reason for this is because we have formulated our research questions with a theoretical framework of previous studies as a foundation relating to a deductive approach. We are aware that using this approach might have a risk that the interpretations of the collected empirical data will be tainted by a subjective judgment. However since we are aware of this risk we will attempt to pursue our findings with an open mind as well as new literature appropriate for our findings. With this background, our scientific approach will vary between the deductive and inductive approach and theory versus empirical data. This approach will enable us to integrate the various perspectives in our result.

2.2 Research method

The research process is executed through in depth studies on companies that engage actively and strategically in CSR. We wish to promote the best examples of strategic CSR. By doing so we hope that other businesses will realize the benefits with integrating this perspective in their own business. With this standpoint we have chosen a qualitative approach to our research and information gathering. Qualitative research methods aim to gain a deeper understanding and a more dynamic perspective of the phenomenon’s and mechanisms behind the chosen field (Bryman & Bell 2011). With this background we found the qualitative method more suitable for the nature of our study. In our information gathering we have chosen three sequential steps.

1. **Observations:** Observations are made to determine what is occurring and what individuals and employees are doing in practice (Bryman & Bell 2011). The observations in our study were conducted first in order to gain an overall picture and understanding of the business environment. This understanding helped us to prepare the interviews so that we could extract the most relevant and valid information.

2. **Interviews:** The in dept-interviews were conducted with founders and an external CSR expert in order to ascertain their perceptions and enable the process to explore, describe and explaining the topic in depth.
3. *Focus-group interviews:* Focus-group interviews are a time-efficient way to gather qualitative information from several individuals at the same time (Bryman & Bell 2011). In our research we apply this technique to collect data from employees in the companies.

### 2.3 Sample selection

The five companies in our research were chosen as exemplars of strategic CSR in SMEs. The goal was not to select companies that represented the general company from a statistical point of view but to highlight the success cases and create an understanding from their exceptional CSR orientation. The companies in our study were identified through their reputation and CSR involvement, the visibility of their CSR engagement on their websites and recommendations through our network in Nepal.

In order to select the companies suitable for our research we searched for companies on the internet. We used keywords such as social entrepreneurship, CSR and sustainability with focus on Nepal. Since the purpose of our study was to highlight success cases we contacted the companies in Nepal that had been recognized for their CSR involvement according to what we found on the internet. Through our screening we got in contact with Cathrine Frohlich a CSR Expert in Nepal as well as Björn Söderberg a Swedish CSR oriented entrepreneur in Nepal. Due to their connection in Nepal in the CSR field, they recommended us companies that they thought would be interesting for our study. Through their recommendations we had ten companies that engaged in CSR activities to choose from. We chose the ones that had the most extensive information on their web pages together with recognition in various media and different sustainability awards. To further narrow down the scope, the companies fulfilled our criteria of having CSR integrated into their business model. Furthermore the companies that were selected were all available; in the sense that we were offered company visits with a high-level accessibility and that we were able to communicate in English. We needed to have a transparent communication with the company and its employees to receive reliable and valid information.

From the ten companies that we chose from we limited our research to small and medium sized companies in Nepal from various sectors. The reason for the focus on small and medium sized companies is the recognition of the growing importance of this sector in developing countries (Fuller 2003). Since the importance of SME’s has a considerable impact in developing societies we believe this is a critical sector to consider.

The companies that we selected are the following: WebSearch Professionals, Himalayan Textiles, Mountain Delights Treks & Expedition, Seeing hands and Social Tours. The companies are chosen from different sectors to create a dynamic foundation in our empirical data gathering.

We consider our selection very satisfying since we were able to distinguish five successful examples of profitable companies with deep CSR engagement, in some cases where the entire business model was build on CSR.
2.4 Conducting Interview framework

We have constructed the interview questions so that they are following the semi constructed approach. According to Bryman och Bell (2011) the questions in the semi structured interview does not need to follow the structure that is prepared in the questionnaire. This enables flexibility and follow up questions that are not included in the formal questionnaire. Since our aim was to conduct a dynamic interview we wanted the respondents to speak freely within a limited area as well as leave space for clarifications and in-depth understandings. Patton (1990) also suggests that the semi structured interview makes it easier to perform a more systematic and structured data collection for each respondent.

In the first step of our research process we had to conclude what the purpose of our interviews where and in which order to collect the needed data. Since we are interviewing three different targets; founders, employees and a CSR expert, we have developed three different questionnaires. This is to match the respondents’ competencies and knowledge about the subject accordingly. We constructed three standard sheets with questions that we asked all the respondents in each category. However, we kept it very open and formulated the questions according to the language level of the respondents. We asked different follow up question that we found relevant for our research in each individual case. We articulated the various questions depending on the level of understanding of the concept, particularly among the employees. The questions that we asked to the founders of the companies were more complex with focus on business strategies within CSR, performance and the values of the founders and the CSR activities. Our questions to the employees where more of softer nature that emphasized on their comprehension and attitude toward the organizations CSR engagement as well as their response to the activities, we wanted to receive a sense of how well the organization had adopted the CSR oriented values.

According to Svensson and Starrin (1996) the interviewers are contributors to the result of the interview through their interaction with the respondents. Regarding our influence as interviewers we tried to create a relaxed and open, quite informal atmosphere to make the respondents feel comfortable. Since the qualitative interview is a form of interaction where the interviewer and the respondent meets face to face and there is not only the verbal but also the body language and other factors that should be taken into consideration (Seymour 1992). We started off with presenting ourselves and the aim of our study and had some pre conversation about the respondents to create a more relaxed environment; we describe this further in each research process step.

2.5 Research process

The first contact with the respondents was through either email or telephone where we introduced ourselves and the aim of our study. We also informed the respondents that they had the possibility to go through our final report and the summary of their interview so that they had the opportunity to correct any misunderstandings or misplaced
quotations. All of the five companies that we chose to contact wanted to participate in our research.

2.5.1 Observation studies

We have chosen to use observation studies as a way to collect and gain an overall perspective on the daily routine and how the organization works in practice. It helped us in our reflections and approach in the interviews. The observation studies aimed to understand how CSR integration affects the daily process and its impact on the business such as working environment, values, atmosphere and organization.

We did observation studies over a period of time as well as gathered further data through interviews. Since we mainly took the role as an interviewer we could describe our role as observer-as-participant (Gold 1958). Our participation level varied from case to case since the observation setting and accessibility was slightly different among the companies we visited. In some cases it was easier for us to take part in the day to day work, for example seeing how the employees work and get a sense of the organizational culture. The language level of the employees had impact on the opportunity to engage in activities as well.

We took notes, recorded our observation studies and took photos to receive as much information and impressions as possible. Together with the interviews we did several visits to the company which enabled us to make observations at a number of occasions. The observation studies were also efficient in the sense that it enabled us to meet with the employees and managers before the interviews so that we could create a relaxed approach and comfortable relation. All our recorded materials have been transcribed in order for us to analyze the data better.

2.5.2 Qualitative interviews

The conducted interviews are semi structured interviews with the founders of our chosen companies and one external expert within the field of CSR and CSR strategies, amounting to a total of six interviews. In SME´s the values and ethics often reflect how the businesses work with CSR (Porter & Kramer 2006). Therefore we found it valid to gather in-depth information from this primary source. The interviews conducted with the founders intended to give a deeper understanding of the company´s strategic approach and core activities and the perception that the managers have on the concept and their values. The interview conducted with the CSR expert was intended to give an overall perspective on the concept of strategic CSR and its implications in the developing country context of Nepal. Therefore we have chosen to interview Cathrine Frohlich who is a CSR expert living in Nepal.

The questions were constructed as open ended questions with a restricted time between one to two hours per interview. The reason for this is the large amount of data and the transcription afterwards. Qualitative information takes time to analyze in order to receive a full understanding of the content (Bryman & Bell 2011).
2.5.3 Focus group interviews

We found focus groups suitable for our empirical data gathering. Focus-group interviews are a time efficient way to gather qualitative information from several individuals at the same time and since we wanted a broad perspective from the employees this method was most suitable. In some cases there were constraints due to language barriers. We chose to have an interpreter available in order to clarify uncertainties.

The purpose was to gain an understanding and a sense of the employees, their awareness of the CSR activities, the impact that the companies initiatives have had on them and their lives as well as their views on what has changed for them. The focus group interviews are intended to gather the perspectives of the employees in the companies and their own arguments for CSR involvement. Furthermore, the function of the focus group interviews is to give a sense of the employees behind the company and its social efforts. The focus group interviews are intended to highlight not only the intellectual but also the emotional arguments for encouraging private sector involvement.

We selected two to four employees to participate in our focus group interviews. We selected them depending on their sufficiency in the English language and also their motivation to participate in our research. The interview was conducted in small groups with two participants at a time to make the respondents feel comfortable and less stressed with answering our questions. We started with presenting our project and the purpose of our research. They also got to present themselves and give some background information in order to create an easy going atmosphere. Each participant got to answer our questions individually while discussing the question in between. We restricted the interviews to one hour which was enough for us to collect the data that we needed.

2.5.4 Data analysis

The material and data from all of our 11 interviews have been transcribed word by word into written text. Since most of the interviews have been conducted in English, which is not the native language for most of our respondents, it has helped to have a written version of the interviews. When analyzing the materials we have been able to apply quotations and comments that connect to our research which gave us a better overview.

In our empirical data we have chosen to present an extensive part of the information that we received in our data collection. The reason for this is that we want to enable the reader to shape their own interpretation and reflection of the empirical data. In addition we also see the benefits of presenting the data in its wider context to provide a deeper understanding of the research.

2.6 Credibility

Credibility is difficult to measure, especially in a qualitative research. One of the reasons is that the qualitative research often is gathered from interactive meetings and interviews that cannot be identically reconstructed. According to Bryman & Bell (2011) there are
mainly three factors that indicate the reliability: stability, internal reliability and inter-observer consistency. Two of these factors we find relevant to our research.

Firstly, the stability of our research can be considered good, since we are conducting our research over a period of time and not just one visit. We believe that with multiple interviews, both personal and focus groups as well as observations studies over a span of time will prevent a significant variation on the result. Secondly the, inter-observer consistency could be seen with minor deficiencies. The reason is that we are more than one researcher which could possibly lead to subjective judgment when conducting and analyzing our research. However, it can also be seen as a benefit since it enables us to analyze the data from different angles and perspectives.

The research has been conducted in the context of SME’s in the Federal Democratic Republic of Nepal. Culture, religion, politics, ethics, business traditions and other factors might influence the results in our study. Generalizations and adoption of this research might therefore not be applicable to all nations that are in their developing stage. However, we do not exclude the possibility that our findings can be useful for SME’s in other developing country contexts as well.

We believe that we chose the most appropriate method for the purpose of our study and that we have gathered enough information through our interviews to successfully make viable conclusions. Overall we are confident that our research can be viewed with good credibility and we are convinced that we have achieved highly respectable results.

2.7 Source review

Using previous literature and information that relates to the research is stimulating and inspiring for the development of new research. However it is vital to evaluate the quality, reliability and validity of the sources that are used in the study to support the research. We recognize this and therefore we present our considerations in the following source review.

2.7.1 Scientific publications

Our study is supported by scientific articles that relates to the latest research on the topic of Strategic CSR and Strategy management and implementation. We have studied a broad spectrum of articles and recognized authors to receive various perspectives on the subject. Mainly we have collected articles from the data base business source premier. From these articles we have also studied related literature that was referred to in the articles we chose from the data base. These articles were primarily collected from the internet. Overall the articles are presented in the English language since most research related to our study has been conducted in other countries. We have also studied Swedish authors and the available Swedish research on the subject.
2.7.1 Books

Regarding the literature and books that we have chosen to use as a support for our research we have used books that present and discuss the latest information within the field of CSR. When it comes to literature it is important to consider the expertise of the authors and the nature of the text whether it is objective or subjective and what the goal with the text is. We have taken into consideration when the books have been published, this should indicate the relevance of the information.

2.7.2 Web sites

We have a limited support by internet sources and websites in our research. The reason for this is the shifting quality and validity of the sources that are available. The references that we have included in our paper are those who have a connection to official governmental sites and sources that should be considered as highly valid. The benefits with the reliable and trustworthy sources on the internet are that they are frequently updated and often provide the latest information. This should indicate reliability in the information received.
3 Theoretical framework

This chapter presents the theoretical foundation of our study. The theory behind our research is multifaceted and leaps into separate subject areas. A large body of literature on corporate social responsibility is presented along with business ethics, management, business economics and change management.

In our theoretical framework we start with providing a background and understanding of the concept of CSR and its path towards recognition within the private sector and its role in the modern society. We make a distinction between the various interpretations within the CSR concept before we focus our study on strategic CSR. We also give a brief background framework to the developing country context of Nepal and the influence of SME’s in developing countries. Furthermore we present research within the strategic perspective that is closely linked with strategic CSR such as strategy management, social entrepreneurship, innovation within CSR and sustainable business models. Finally we present literature on strategy implementation and how to evaluate CSR performance.

3.1 The concept of CSR

There is no agreed definition on CSR. It depends on the demographic, political, and moral (ethical) background of the person or organization providing the definition (Campbell 2007). With other words, when referring to CSR and corporate social responsibility there is an ocean of interpretations of its meaning therefore it can be difficult to comprehend what CSR really means and its implications in practice (Granqvist 2009).

Criticism has been directed towards the CSR concept. The reason for this is that it only includes the social aspect in the short form of corporate social responsibility, an imperfection that critics argue calls for misunderstandings. The use of the concept is therefore shifting towards the more inclusive term sustainability, a term that includes both social concerns as well as environmental aspects. However CSR is used in a broader sense and it is the most commonly used terminology (Granqvist 2009). All in all the concept of corporate social responsibility deals with both societal, environmental as well as economical responsibility on a voluntary basis that goes beyond the law, within the business context (Heslin & Ochoa 2008).

- Social responsibility deals with questions relating to how companies run their business in a way that characterizes a good social corporate citizen with consideration to other members of the society regarding health and wellbeing, regardless if they are employees, workers for subcontractors or the relation is as business partners or consumers (Granqvist 2009).
• Environmental responsibility deals with the questions concerning how to run a business in a sustainable way that does not affect the world in a negative way on a long-term perspective (Grankvist 2009).
• Economic responsibility deals with questions on how to run a profitable organization so that the companies fulfill their obligations to their stakeholders and shareholders. To reassure the stability of the financial capacity and provide a return on the investor’s investments (Grankvist 2009).

Together with these three aspects an additional dimension that is mentioned frequently in the literature is the ethical aspect of CSR (Carrol 1991). The ethical dimensions impact strategies and decision making. Ethical responsibility is about meeting the moral expectations and societal obligations. The ethical decisions are based on a set of core values that helps to guide the company in decision making for example when it comes to issues concerning environmental sustainability or social issues (Granqvist 2009). Previous studies have found that responsible actions within the companies and the ethical perspectives and values of the founding entrepreneurs/owners/managers of the SME, often reflect the company’s approach to CSR (Fuller & Tian 2006; Jenkins 2006; Murillo & Lozano 2006; Spence 2007). The findings implicate the importance of the ethical perspective while approaching CSR and defining CSR strategies.

3.2 The evolution of the modern concept of CSR

For a long time practitioners and academics have been introduced to Carrols (1991) corporate social responsibility pyramid when talking about companies’ responsibility towards the society. Carrol (1991) suggests through his CSR pyramid that economic responsibility is the basic foundation of CSR and thereafter comes legal, ethical and philanthropic (discretionary) responsibility in that order. This model has been a good foundation in the past, however, we cannot escape from the fact that the society and the attitudes towards CSR has changed. Also this way of looking at CSR has been criticized over the years, particularly by Lantos (2001) as well as Porter and Kramer (2006).

Porter and Kramer (2006) argue that the legal and economical responsibility is more considered to be a requirement in order for business to survive and not something that is necessary to express in the concept of CSR. Lantos (2001) took his critique even further and stated that even ethical CSR should be obligatory for a business, meaning no organization should cause societal harm. However, it is important that these incitements collaborate and therefore the view on strategic CSR has gained more recognition and focus over the last years (Porter & Kramer 2006).

CSR has been up for debate for decades and there have been arguments both ways whether it is good for business or not. Friedman (1996), one of the noted critics, argues for example that the only social responsibility of a firm is to increase profits and refers to altruistic CSR as something that is not a legitimate role for a business, Altruistic CSR is a concept which Lantos (2001) uses together with strategic CSR to develop the concept philanthropic responsibility further. This is to separate CSR activities with nonprofit
motives and the ones with profit motives where altruistic CSR stands for nonprofit CSR activities and strategic CSR for CSR activities with profit motives.

In recent years Jamali (2007) has developed a new CSR pyramid inspired by Lantos (2001) ways of thinking, not only on the strategic and altruistic perspectives on CSR but also that ethical responsibility should be obligatory for a publicly-held business. With these ideas and the pyramid from Carrol (1991), Jamali (2007) built a model, dividing the pyramid into mandatory corporate responsibility and voluntary corporate social responsibility where the latter is separated into strategic and altruistic responsibility. Unlike the CSR pyramid from Carrol (1991), this model suggests what is mandatory and voluntary by the company instead of hierarchical steps of responsibility.

![Distinction between voluntary and mandatory CSR, (Jamali 2007, p. 22)](attachment:image)

### 3.3 Voluntary Corporate Social Responsibility

Voluntary corporate social responsibility has derived from the term discretionary or philanthropic responsibility by Jamali (2007). The reason for this new concept is because Lantos (2001) divided the philanthropic responsibility into two different types of philanthropy, altruistic CSR and strategic CSR. These are both incorporated in Jamalis (2007) CSR pyramid under voluntary corporate social responsibility where the distinction between voluntary and mandatory CSR is described.

#### 3.3.1 Altruistic CSR

Altruistic CSR can be defined as voluntary societal giving, which earlier was the concept of philanthropic CSR before Lantos (2001) divided it into philanthropy with profit motives and without profit motives. According to Carrol (1991) it is when businesses spend time and money voluntarily on activities which benefit the welfare of society. It is
also described according to Brenkert (1992) as a preferable alternative for government welfare or at least a needed source of help when government welfare is insufficient.

Altruistic CSR involves social activities to improve the welfare society regardless of its impacts on the firm’s profitability (Lantos 2001). The critique to this aspect of CSR has mainly come from Friedman (1996) who argues that altruistic CSR is illegitimate since legalistic and economic assessments are more proper purposes of a firm. Lantos (2002) also directs criticism towards this form of social activities but from another perspective. He calls altruistic CSR to be immoral in the sense that stockholders should not provide welfare for the society on their unrequested expense.

A business that exercises altruistic CSR has no intention to yield returns on any social investment, however the company could possibly benefit economically as a consequence of their social activities. This differs from strategic CSR, where the intention of social investments is to generate an economic advantage (Lantos 2001).

### 3.3.2 Strategic CSR

The traditional literature often treats CSR separately from the broader organizational company strategy (Babiak & Trendafilova 2011). However there are researchers, there among Porter and Kramer (2006), who promote an interrelationship between companies’ CSR initiatives and their strategic activities. They suggest that many businesses only view CSR as a cost and not realize the opportunities the CSR approach can bring to the business and generate organizational benefits and competitive advantages.

Strategic CSR is described as a business approach to societal, environmental and economical problems that simultaneously supports the core business activities and thereby contributes to the firm’s effectiveness in accomplishing its goals and financial profitability (Porter & Kramer 2002). Strategic CSR means that corporations should integrate social, economic, and environmental concerns into all their activities, business strategies, management tools, core values and code of conducts to proactively create business opportunities aligned with a sustainable society. In this aspect, the company strives to identify activities and deeds that are believed to be profitable for business as well as for society. This is a philanthropy that is aligned with profit motives (Lantos 2001) and where investments on strategic CSR activities are usually intended as long-term, that likely will create a financial surplus (Vaughn 1999). These long-term investments can yield return from many perspectives and not only through a direct financial gain. Strategic CSR could also increase motivation and loyalty among employees and customers as well as improve the corporate image towards external stakeholders (Lantos 2001).

Within the context of strategic CSR Porter and Kramer (2002) suggest an approach requiring companies to use their unique attributes to address social needs in the corporate context, thus promoting a convergence of interests between business and society. According to Heslin and Ochoa (2008) successful CSR strategies are those who originate from a thorough analysis of the unique characteristics within the business culture,
competence and strategic opportunities. Therefore there are limitations in the use of “best practice” when it comes to strategic CSR, since all companies are different by nature and have different stand points.

If the corporations had well thought-out strategy programs, specially designed for the specific attributes of each company, business, society and the environment would have benefited as a result. The goal is to create a win-win situation between society and the business sector (Porter & Kramer 2006). Today the strategic approach to CSR is gaining recognitions and businesses are starting to request for strategic tools to implement CSR (Babiak & Trendofilova 2011). According to Heslin and Ochoa (2008) a company’s development of strategic CSR has the prospect to generate increased market shares, improve the innovation process in the organization and retain the personally committed employees within the company. Furthermore the involvement in strategic CSR can contribute in a greater support from different external stakeholders as well as building a goodwill relation with potential investors.

3.4 CSR in developing countries

Many developing countries cannot follow the rapid growth and fast-paced nature of globalization. New ways of viewing business and an innovative approach to CSR and social entrepreneurship is necessary for the developing countries to prosper and build a sustainable economic and social growth (Prahalad 2010). Even if there is a lack of research on the topic of CSR in developing countries there is limited evidence and information from the developing world, that implies that the motivation to implement CSR is effected by the stressed macro economic constraints that indicates that the companies focus is diverted to issues of basic economic capability and short term profit (Belal 2001; Fulop, Hisrich & Szegedi 2000; Jamali & Mirshak 2006). Paradoxically, it is in a developing country context that CSR initiatives are more than ever needed (Jamali 2006).

As mentioned earlier there is a vast interpretation on what constitutes the concept of CSR in the existing literature. Research from the developing world indicate that there is a link between CSR and the economic development of a nation and that the findings mean that the CSR approach often is based on localized issues and cultural traditions of a country (Welford 2005). The link between CSR practices, culture and socio-economic conditions is backed up by several studies (Amaeshi, Adi, Ogbemie & Amao 2006; Jamali and Mirshak 2007; Visser 2007, 2008). It is therefore rational to make the assumption that there are more perspectives and approaches to the topic to be found in the context of developing countries.

Various aspects influence and shape the relationship between business and society in each individual context. To be able to grasp and construct strategies suitable for its context it is central to understand the environment of where the research is conducted. Cultural traditions, political reform, economic, and social influences affects how the concept of CSR and the company responsibilities is interpreted (Visser 2008). In his study of the institutional determinants of social responsibility Jones (1999) emphasizes
the significance of the national socio-cultural surroundings and the level of countrywide economic progress as vital variables influencing CSR understanding and practice. With other words, it can be very difficult to comprehend what CSR really means and its implications in practice (Grankvist 2009).

A growing body of evidence implies that CSR in developing countries has a strong focus on the philanthropic aspects of CSR responsibilities. The reason for this approach is suggested to spring from the religious beliefs (Amaeshi et al. 2006; Jamali & Mirshak 2007; Visser 2007). Empirical examples in the literature (Amaeshi et al. 2006; Visser, 2008; Jamali & Mirshak 2007; O´Brien 2000) disclose that CSR in developing countries is mainly seen from a philanthropic perspective as a way of giving back to society where there are problems of satisfying basic human needs and infrastructure.

The link between CSR practices, culture and socio-economic conditions of a country is supported by a number of studies (Amaeschi et al., 2006; Jamali and Mirshak 2007; Visser, 2007, 2008). Welford (2005) develops previous work and suggest that there is a connection between CSR and economic development of a country and that many CSR policies are based on the localized concerns and cultural traditions of a country. Visser (2008) argues that the difference in the focus of CSR comes from the internal and external drivers in developing countries. The internal drivers include cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response and market access. The external drivers that impact CSR in the developing country context are internal standardization, investment incentives, stakeholder activism and supply chain.

### 3.4.1 Research context of Nepal

There is significant evidence that suggests that CSR is culture-bound (Dunning 2005). Responsible business practices therefore need to be viewed within the developing country context and the environment in which the companies operate (Prahalad 2010). Various contextual factors such as the business environment, socio-economic conditions, cultural traditions and internal/domestic pressures are likely to have significant influence on the business practices of SME’s (Azmat & Samarutunge 2009). To relate to the research, background to the contextual factors is presented below.

The Federal Democratic Republic of Nepal is a republic located among the Himalaya Mountains with China in the north and India in east, west and south. Nepal consists of an estimated population of 29,331,000 people and is one the poorest nations in the world. Nepal’s BNP per capita is 1300 USD (IMF 2010). Agriculture accounts for about 40 percent of Nepal’s GDP, services comprise 41 percent and industry 22 percent. Agriculture employs 76 percent of the workforce, services 18 percent and manufacturing/craft-based industry six percent. Agricultural production includes tea, rice, corn, wheat, sugarcane, root crops, milk, and water buffalo meat. Industry mainly involves the processing of agricultural produce, including jute, sugarcane, tobacco, and grain (IMF 2010). Foreign aid assistance makes out 60 percent of Nepal’s economic development costs, and for 28 percent of the total national budget (IMF 2010). Over the past decade tourism has become an important source of income to the national economy.
Nepal’s potential is high, while at the same time the country struggle with structural problems. Progress is a stressed matter required to address the poor business climate, power shortages, insufficient infrastructure, governance, and complicated labor relations. Political stability and improved security are essential conditions for development. In the near time, risks steam primarily from weaker drivers such as continual high imports, capital flight, heightened financial sector vulnerabilities, and political wavering. Credit and liquidity risks in the banking system are high (IMF 2010). Corruption is another major threat to the national economy. After the conclusion of the civil conflict, Nepal stands in a political transformation stage, with a new constitution being outlined and new elections anticipated. The general security case in Nepal is therefore continuously unbalanced. Even though being one of the poorest nations in Asia, Nepal is making improvements on social outcomes (IMF 2010). Macroeconomic steadiness has been kept in past years, although the global crisis is having a delayed impact on Nepal’s economy, revealing its structural weaknesses. The situation remains fragile (IMF 2010).

Nepal is very ethnically diverse. Ethnicity is linked to caste and class. This plays a strong role in the hierarchy within the workplace. Nepalese last names are reflective of the Hindu caste system and thus are easily identified as lower to upper caste, which traditionally is associated with class. The cast system is very discriminatory but breaks down when people raise their income. In the villages, a manager must be aware of the caste relations when hiring field staff and sending out national managers. The workplace is strongly dominated by men and in many of the different ethnic groups of Nepal. Discrimination along gender structures are quite clear with very few women in management positions (Foreign Affairs and International Trade Canada 2012).

3.5 The role of SME’s in developing countries

Recognition of the growing significance of the Small and medium-sized business sector has led to a focus on their social and environmental impact (Fuller 2003). With many definitions by various countries on what constitutes a SME, it might be difficult for an individual to comprehend the importance of a SME. The role that SME’s play in developing the economy of any country, alleviating poverty, increasing employment, and above all providing various items of daily use at an affordable cost is vital. From the economic standpoint, SME’s have become one of the major areas of concern to many policy makers in an attempt to speed up the development in low-income nations. The performance of SME’s is essential for both social and economic progress of developing nations. SME’s are frequently recalled to as the grain of big business and the fuel of national economic engines, through which the growth objectives of developing countries can be fulfilled. The development of SME’s is therefore seen as a major opportunity for accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation (Jenkins 2009). SME’s can be very adaptive and flexible as well as innovate products which serve the needs of a particular region, and rapidly take advantages of niche markets that focus on social or environmental benefits in their value, key factors that makes SME’s significant (Jenkins 2006).
As mentioned earlier corporate social responsibility is traditionally associated with large companies (Jenkins 2006; Spence 2007). Murillo and Lozano (2006) argue that the term CSR is problematical and needs to be replaced with a concept closer to SME’s specific reality. Although CSR has been mainly associated with large firms, recently there has been a shift towards the CSR practices of SME’s because of the recognition of their growing significance and as a result studies on the CSR practices of SME’s have been growing (Jenkins 2006).

Based on a survey conducted across eight countries, Vives (2006) found that a significant number of SME’s were involved in responsible business practices. Existing research on SME’s suggest that they often take on socially responsible practices or follow an unintentionally version of CSR, and are willing to sacrifice some of their profits in order to serve a greater goal (Fuller & Tian 2006; Jenkins 2006; Murillo & Lozano 2006; Vives 2006) The survey incorporated analyses of internal (human resources and the working situation), external (community participation) and environmental (reduction of environmental impact, such as reduction of resource consumption and waste recycling) practices, and it was found that the internal practices were the most frequent among SME’s, while external and environmental concerns were less common (Vives 2006).

SME’s act in responsible ways in the context of their relationships with stakeholders and wider society (Fuller & Tian 2006). Since the way of doing business in SME’s is to a great extent based on personal relationships, the reputation of the business and the involvement of the firm within its stakeholder community plays an important role in shaping their socially responsible behaviors. Vives (2006) concludes in his research that the major motivations for adopting responsible practices in SME’s where rather traditional in nature and came from religious/ethics aspects and the desire to have a motivated workforce, build relationships and increase profits.

3.6 Strategic management

The organizational benefits of strategic CSR has the opportunity to provide substantial results, at the same time the company will most likely meet challenges in doing the organizational changes needed to implement strategic CSR (Heslin & Ochoa 2008). Due to the dynamic and complex processes that require individual adoption for each company and business model there are limitations in designing a strategic CSR implementation framework as a one-fit-all solution or a “best practice” approach (Kleine 2009). Every strategy is unique and every company needs to consider the opportunities suitable for their business activities and standpoint to realize their goals. As in the case of any other strategic development process the undertaking of incorporating CSR as a part of the organizational strategy, faces similar challenges. Andrews (1971) described corporate strategy as: “The pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principles policies and plans for achieving those goals, and defines the range of business the company is to pursue”. 
3.6.1 Strategy development

Andrews (1971) proposed a strategy development model for developing and implementing a corporate strategy. A model where the focus lies on both the external and internal factors of the company, where external factors refer to threats and opportunities outside the organization and internal factors refers to strengths and weaknesses within the organization. From these, key success factors and distinctive competences are defined which are matched together with the values of the management team as well as the social responsibilities towards the society in which the company is operating in. The result of this process is the creation of strategies which ultimately leads to a chosen and implemented strategy. Andrews (1971) model is a tool for creating a corporate strategy in general and not a specific strategy. The problem with creating a CSR strategy is that it is very difficult to determine what goals the company wants to achieve with it since performance is rarely measured as regular corporate activities. This usually leads to a non-strategic approach to CSR (McElhaney 2009). To form a CSR strategy and for this to be strategically profitable for the corporation it has to be deeply embedded in the core values. According to McElhaney (2009) it is important that the CSR values reflect the whole company and not the least the senior management since they are the ones to implement it. If a CSR strategy is deeply rooted in the company and plays its role through all corporate functions it will not only benefit society and the surroundings of the company but the company itself as well.

3.6.2 CSR strategy innovation

According to Nidumolu, Prahalad and Rangaswami (2009) a trend has emerged over the past few years where CSR is seen as a source of business innovation. The traditional perspectives on business will subside and that the business sector will have to innovate new solutions. Nidumolu, Prahalad and Rangaswami (2009) suggest that the business will take an innovative approach to sustainability when they realize that a proactive approach to innovation actually means that the company focuses on sustainability concerns.

There is a differentiation between CSR innovation and CSR integration worth pointing out since it impacts what approach the different companies should take. CSR innovation is about building new business models that are aimed to improving social or environmental concerns, CSR integration on the other hand is more concerned about developing social and environmental responsibility in already existing business (Halme & Laurila 2009). CSR innovation should therefore be seen as an extension of core business, where CSR integration on the other hand should be viewed as an integration of current business.

The notion of competitive advantage is a crucial component of CSR innovation. Companies can gain advantages by turning the opportunities offered by CSR into business activities. Even if the concepts of large firm practices will differ from the approach from SME’s the opportunities are equally relevant for both sides (Jones 2003).
Porter and Kramer (2006) have built a framework that companies can use to identify the impact they have on society, decide which ones to address and suggest effective strategies to do so. Their work is based on large corporations, but many ideas could be applied to SME’s as well. The concept of competitive advantages is also brought up in the strategy literature in the resource-based view of the firm (Barney 1991). The concept of the resource based view of the firm is that companies are assumed to build competitive advantages on unique resources. Due to the unique resources, that hopefully are difficult to imitate the companies receive a “sustainable competitive advantage”: Sustainable in this sense mainly address the financial side. By adopting the opportunities offered by a CSR approach the company can develop competitive advantages in the harsh market space. Companies that engage in strategic CSR can develop unique resources that give them competitive advantages. According to Jenkins (2009) business opportunity model of corporate social responsibility that we present further down there are three possibilities where companies can find and develop competitive advantages within CSR; Innovation in products and services, serving unserved markets or building new business models. When the companies adapt the CSR approach they have the opportunity to gain competitive advantages that might yield higher customer satisfaction, knowledge within the company, employee loyalty etcetera.

A central part of benefiting from the opportunities offered by CSR is to develop a business strategy that aligns the company’s business goals with strong dedication to CSR values and principles (Jenkins 2009). Hanke and Stark (2009) imply that the cultural perspective within a company will affect the level of innovation and the organization’s development with respect to its environment. A key factor for companies to take advantage of opportunities is the significance of values to the owner-manager and to the company. In order for CSR to be successful in a company it must have an internal supporter: top-level management is central to its success (Jenkins 2009).

In order to enable the SME’s to take advantage of the opportunities offered by the CSR approach, Jenkins (2009) has developed a business opportunity model that fits the SME’s organizational structure. He suggests a step-by-step approach to enable a realization of CSR opportunities. Each step describes the different faces that the company needs to follow to integrate their business goals in alignment to CSR values and principles. See the model below.
Step number three and four focuses on overcoming the conventional ideas and traditional perspectives on how business should be done. It takes into account the organizational capabilities such as flexibility, innovative culture, communication etcetera. It also views the competitive advantages and three dimension aspects of innovation: Innovation in products and services, serving unserved markets and building new business models Jenkins (2009). All these aspects are factors to consider when attempting innovating the business strategy and activities. This approach can lead up to new perspectives on viewing business.
3.6.3 Social entrepreneurship

Social entrepreneurship and CSR-innovation are growing trends within the business perspective, ways of rethinking capitalism were success is not only recognized through profit maximization but also through social and ecological values as well.

There are several examples on young entrepreneurs who have started up sustainable businesses where social and ecological perspectives are integrated in the business model and a part of the business core activities and strategies. This is an approach to run enterprises with the parallel purpose to both generate profit as well as benefitting societal needs (Granqvist 2009). This specific entrepreneurship is often referred to as social entrepreneurship. Mair and Marti (2006) defined social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs”.

While linking to social businesses, Grameen Bank founder and Nobel peace prize award winner in 2006, Mohammed Yuonus (2009) refers to capitalism as a half-told story that needs to be completed. By defining entrepreneur in a broader way, the character of capitalism can change fundamentally and solve many of the unresolved social and economic concerns within the scope of free market. Yuonus (2009) recalls to his proposals for social business as a universal cure for almost all social and economic problems of the world where he points out that the challenge is to innovate business models.

3.6.4 Sustainable business models

Social businesses can be seen as a branch of social entrepreneurship, all those who design and run social businesses are social entrepreneurs - but not all social entrepreneurs are engaged in social businesses. The reason for this is that some models, for example, still include conventional dividend payments to profit oriented shareholders. Social business is a new business structure model that is located somewhere between a profit-maximizing and a non-profit organization (Yunus, Moingeon & Lehmann-Ortega 2010).

In the capitalistic economic structure, there are mainly two models of doing business to be found. One of the models is the one who is constructed to cease profit maximizing and to produce shareholder value. The other of the two models is constructed as a non-profit organization with the purpose to accomplish social objectives. Social businesses however combine both of these perspectives to create a new economic model (Yunus, Moingeon & Lehmann-Ortega 2010).

The social business model is more cause-driven rather than driven by profit maximizing. However the social businesses need to cover their full costs of running the organization, and regarding that the owners are entitled to have their investments refunded. In the model below the figure shows that the social businesses perspective offers the opportunity to both address social objectives and act as a change agent for the world, as
well as obtaining the sufficient business attributes to ensure that the organization can survive financially (Yunus, Moingeon & Lehmann-Ortega 2010).

![Diagram](image)

**Figure 3 Social business vs. Profit maximizing business and not-for-profit organizations, (Yunus, Moingeon & Lehmann-Ortega 2010, p. 310)**

In organizational arrangement, social businesses are more or less the same as profit-maximizing businesses: it is not a charity, but a business in every sense. A social business is designed and run just like a traditional business, with products, services, customers, markets, costs and revenues. It is a no-loss, no-dividend, self-sustaining enterprise that sells goods or services and repays investments to its owners. The difference is that the primary purpose is to meet the societal and environmental concerns (Yunus, Moingeon & Lehmann-Ortega 2010).

Critics to this new business model might ask the question why might investors put money into a business that does not generate any surplus on their investments. The vast amounts that people around the world donate to philanthropic causes every year disclose that people want to contribute to the wellbeing of other human beings. Though, investing in a social business is different from philanthropy in several ways since and investors get their money back: people who donate to charity do not (Yunus, Moingeon & Lehmann-Ortega 2010).

### 3.6.5 Strategy Implementation

In order for the strategic implementation to fit the company’s overall strategy an important aspect to take into consideration is the alignment of the CSR strategy with the corporate values, norms, mission and the CSR strategy (Maignan, Ferrell & Ferrell 2005). To accomplish this alignment an understanding and recognition of what constitutes the organization’s vision and values is central. Furthermore it is important to understand the
connection of the organizational values with the core business practices. This means that
the organization must align its CSR goals and decision making with it’s the overall goals
and strategies. By doing so it enables the CSR strategy to be a part of the way of doing
business and a natural part of how the business is run. Andrews (1971) wrote that
corporate strategy is an organization process, in many ways inseparable from the
structure, behavior and culture of the business, which provides the foundation for
company strategy by defining the context under which the enterprise will operate under
both human and economic conditions.

To implement CSR into the long-term strategies and decision making process the
organization needs to create a corporate culture that is more value-driven rather than
motivated by set up targets (Lyon 2004). Since CSR is more value driven it differs from
the overall business strategy in the sense that it applies to the moral commitment of the
company. Defined values therefore need to be incorporated into the strategic management
model in order to construct a successful CSR strategy. By doing so a corporate culture
that is open to change and that continuously will support and sustain the implemented
CSR strategy will emerge.

Schein (1983) suggests that the organizational business culture is shaped by the values
and experiences of the founder and that it is therefore a central part in the culture that
influence the strategic decisions made within an organization. The organization’s culture
is according to Schein (1983) sprung from the founders ideas about truth, reality and the
way that the world works. Schein (1983) describes organizational culture as a pattern of
assumptions that a given group has invented, discovered or developed to cope with its
problems of external adaption and internal integration. When this pattern of assumptions
are considered valid within the group they are taught to new members of the group as the
correct way to perceive, think and feel in relation to the problems and challenge faced by
the organization. To formulate a CSR strategy and then implement it can be viewed as an
organizational change process where learning is a central part of the implementation
process (Maon, Lindgreen & Swaen 2009). Schein (1983) describes the process of how to
embed an organizational culture so that it fits with the values and strategies of the overall
organization. He also mentions teaching as one of the basic elements but also that it is not
necessarily an explicit process and describes steps to achieve an embedded organizational
culture. An example is that when the group faces a suggested solution to a problem it is
only adopted if the group shares the same perception that the solution will be successful.

Recently developments in business ethics focus on the characteristics of the decision
maker (Crane, Matten & Spence 2007). There is a distinct correlation between the
personal values of the CEO’s and managers and the strategies implemented in the
company (Burns 2001). Values impact on the moral obligations of business and managers
are therefore an important matter while constructing CSR strategies. The manager as a
moral person is characterized in terms of individual attributes; as a moral manager, he is
considered to influence and impact on the ethical standpoint and to transmit an ethical
message that others take notice of in their views and behaviors. The values should
penetrate the entire organization on all levels so that all the individuals that constitute the
organization will act according to the values and norms that the companies withhold. This
builds a strong corporate culture that promotes the CSR implementation and innovation process.

When implementing a strategy, especially a CSR strategy, taking stakeholders in consideration is a vital part. According to Heslin and Ochoa (2008) companies need to identify and engage relevant stakeholders in order to successfully implement strategic CSR. This is important when companies chooses CSR activities since they need to focus on the stakeholders that benefits the most, and not spend valuable resources on stakeholders or nonstakeholders who will not gain value from the activities (Maon, Lindgreen & Swaen 2009). In addition to the focus on relevant stakeholders Heslin and Ochoa (2008) suggests that when implementing a CSR strategy companies should limit their CSR initiatives, focusing on the ones which seem most promising.

In order to achieve a focused CSR implementation companies need to establish a clear CSR vision (Heslin & Ochoa 2008). This vision should be strongly connected to the company’s long-term strategic goals, as well as inspiringly communicated throughout the company in order to create a shared CSR engagement among the employees (Maon, Lindgreen & Swaen 2009). Furthermore Maon, Lindgreen and Swaen (2009) imply that communication between top management and employees should be seen as a requirement when implementing a CSR strategy for it to be feasible. This is because non-dedicated staff can be a potential problem rather than an asset. Therefore, a continuous flow of information relating to the strategy’s relevance, performance and consequences for the organization should exist.

### 3.6.6 Strategic CSR evaluation

Strategy development raises issues regarding how to evaluate and measure the outcome of a CSR program (Hanke & Stark 2009). The triple bottom line also known as the three P:s: people, planet and profit is a way of measuring an organization’s impact on people and the environment as well as its finances (Elkington 1997). Companies that follow the triple bottom line seek to include a holistic perspective in their performance evaluation, regarding aspects from the three P:s. It helps giving a clear idea of how the company can contribute in their strive to be sustainable. If each company considers and develops a unique strategy that fits the company’s goals and strategies with this approach in mind, sustainability will be obtained. Below is a version of the triple bottom line that includes the aspects the company considers when they approach the evaluation. Marrrewijk (2003) combines this model with the broader term corporate sustainability. His combined model aims to show how these concepts relate and how a separated distinction would look like. The figure illustrates the interrelationships between the economic, environmental and social factors as well as corporate social responsibility as a mean to reach corporate sustainability.
Figure 4 Relationship 3p, CS and CSR, (Van Marrevijk 2003, p. 101)
4 Empirical study

In this section we will present information about the companies and our findings in the empirical research.

4.1 WebSearch Professionals

4.1.1 Company information

WebSearch Professionals is an IT-company that develops websites and phone applications and mobile solutions that contributes to sustainable development. WebSearch has for example developed a game to stop the climate changes, applications to improve health-care for street children and more. WebSearch Professionals develop and offer products and IT-services for Swedish companies. The company is located in the heart of Kathmandu with an office that hosts 30 employees. The Swedish entrepreneur Björn Söderberg founded the company in 2005. Björn has been noted in Sweden for his strong CSR commitment and entrepreneurial progress in Nepal.

Main strategic CSR activity: Strategic recruitment and sustainable IT solutions for other CSR oriented organizations.

4.1.2 Research findings

Our observation studies started out with a warm welcoming. The founder Björn Söderberg showed us around the facilities and introduced us to the employees. One of the employees showed us how to transform a webpage into a mobile application and how they work at Websearch. Our impression was that the office environment was very relaxed, flexible and with a high level of openness and transparency. The facility was located in the central part of Katmandu and held a high standard with modern and high technological equipment. The design of the workspace was set up as an open office landscape which motivated a free and open communication between the employees. The employees had flexible working hours and were able to modify their weekly schedule as they wanted. Overall the observation studies left us with a positive impression of the team atmosphere and great sense of the employees, who showed dedication and commitment to their work.

At WebSearch Professionals there is a true and genuine commitment to achieve social goals and at the same time flourish a profitable and sustainable business. When Björn talks about strategic CSR and CSR in general he believes that it should be deeply integrated in the core activities of the business. Any other social activities outside the core business should be classified as charity, which he would like to separate from the term CSR. He still believes that charity projects can do a lot of good but that strategic CSR is a more sustainable way of helping the society. He believes that if what you are
doing everyday is positive for the society it contributes to a much greater extent. Björn describes the downside with charity in comparison to strategic CSR as follows:

I think that the effect of it is so much smaller and more short term, because what happens is in fact that you put the money in some outside activity which indeed might be really good. However, at the end of the day there will be a recession or when the CEO gets replaced, then it is quite likely that this money will be cut off. Moreover, the small sum you put off, is often the Christmas gift money or very little in this context. – Björn Söderberg

In a country like Nepal many young people with high ambitions dream about leaving. To study, move abroad and to be able to work with exciting and challenging tasks as well as a good salary. However according to Björn it is of a great concern in many developing countries such as Nepal that these young and well educated ambitious people move abroad and empties Nepal on valuable human resources, known as brain drain. Björn explains that one of his missions with WebSearch is to provide young and ambitious Nepalese an opportunity to fulfill their dreams in Nepal.

At WebSearch they work with numerous strategic CSR activities and one of them is a scholarship program. This program is aimed for young, dedicated and talented students who wants to work with IT but are unable to pay for a university education. They give these students a mentor and practical training at the company meanwhile they pay for their university studies. In order to receive this, the students have to agree to work for the company at least four years after they finished the program. This will guarantee them a good salary and the opportunity to work in an IT company with challenging and exciting assignments with companies and clients outside Nepal. Björn refers to this activity not only as a social activity but a profitable one as well. The money WebSearch spend on a four years university education for the students they regain in six months by selling their competence to Swedish companies. Furthermore, Björn express himself accordingly:

The interesting thing about this approach is that we can provide a chance for those who otherwise would never get the chance to work for an IT company. They can get a university education, they can earn ten times more than they would do in their home village, while to us it is an opportunity to find the most talented of the most talented before anyone else competes for them. Train them for four years so we know that we have them for another four years, it's a very profitable business to do. – Björn Söderberg

For WebSearch, this means that the usual problem of finding and retaining skilled personnel decreases. For the society, this means that the competences that are built up during the study period remain in the country and in the company, where it can contribute to Nepal's development. Dipes Kc, one of the current scholarship holders tell us about how rewarding this program has been to him. What a great opportunity it has been for him to be able to go to university and get his degree and at the same time be able to come to WebSearch and learn more about the practical parts which is connected to his
education. Through his rapid progress at WebSearch he is already working part time on real projects.

WebSearch itself creates smart IT solutions for clients who mostly work strongly with CSR or environmentally engineering as well as social organizations. They try to build applications which are useful for example education and health care. Björn points out that if they are spending all their time programming and building software, why not build software that actually makes a positive difference.

When it comes to choosing and implementing a strategic CSR activity a lot of aspects come into play. According to Björn it is important that it is not up to one person to decide, every idea has to be discussed in a group of people involved in the project with different approaches. This is in order to take all aspects in consideration as well as making sure that you achieve mainly three crucial goals; business, social and technological. This means it is not enough to find an activity which is very useful and profitable but a boring solution technologically. Because then the developers could never feel passionate when working with the assignment which would affect the end result negatively.

Before even reaching this stage there is one criterion which the activity must fulfill. That is to be sustainable and in order to be so it has to be profitable in the long run. Björn state that they do not invest in a project if they do not believe it to be profitable; it has to be a business opportunity. It is all about finding activities where there is potential to have a profitable outcome and at the same time do as much good for society as possible.

Working with strategic CSR and social activities also affects the employees in a positive way. It motivates their involvement both inside and outside the company. Hemant Joshi, one of the employees at WebSearch is telling us that it truly inspire him to work well and he feel very motivated at work, it is an environment that encourages creativity. Dipesh adds that in an atmosphere like this, he feel like he wants to contribute even more. Björn believes that this spark amongst the employees is one of the biggest success factors within the company. To ignite and maintain this spark the company has to work with inspiring assignments and tasks that the employees can relate to and feel proud about. All of the interviewed employees’ points out that their perspectives have changed and they now understand the true meaning of CSR. Before joining WebSearch they had the impression that it was only charity oriented. Now they see how they can contribute with their own competence.

Björn also gave us an example of what can happen if you work strategically with CSR which motivates the employees. At WebSearch there was a boy who came every day to the office to serve tea for the employees. One of the employees convinced everybody to give one percent of their salary to put this child in school. This was the starting point for WebSearch’s fund for children’s education. Today 95 percent of the employees put one percent of their salary into this fund. Which children that are sponsored by the company are decided by chosen ambassadors from the employees. They are connected around the local society where they select the children that are in most need for funding. According
to Santosh Shrestha this fund goes very well and gives education to 8 or 9 children right now. Björn explains this initiative as an important part to involve and motivate the employees in the idea of social entrepreneurship and CSR. These values should not stay with the entrepreneur or the management, everyone that works in the company should feel that they contribute and are a valuable part in the process of creating a sustainable development in the society.

According to Björn it is not necessary to communicate or discuss CSR strategies all too often with the employees but it is essential that it is a part the company culture. It is something that should fall natural into the minds of the employees and the daily work at the office. Björn continues with implying that if they employees know they create something that will improve the health care for children they are going to feel more compassionate about it.

Björn also speaks about the values he brought from Sweden which have had major influence on his businesses. During the interview Björn relates to the first company he started in Nepal. He says that in the beginning he worked with CSR related activities since it felt like the right thing to do. It was not until later he realized that it generated profit for the company. He mentioned an example where he hired a tutor who taught all the employees to read and write, which was a very small investment compared to the increased efficiency at work. According to Björn this investment has been one of the most profitable CSR related investments he has ever made.

When speaking with Björn, he continuously reminds how important it is to work with CSR deeply integrated in the company to get the most out of it. He points at the fact that after all when it comes to selling a product it is the price and quality that matters. He does not deny that every now and then a customer buys because of the social business profile. It is good in the sense that they get the opportunity to show what they are good at but the customer buys for the wrong reason. The reason to buy a product should be because it is better or cheaper not because a customer thinks he is buying it for a good cause.

Today a lot of companies establish CSR policies and market themselves as CSR working companies. Björn see this a little bit differently, he means that in many of these cases the companies state that they are following all the rules and regulations as well as taking all ethical issues into consideration. To Björn this is mandatory and if a company does not fulfill those criteria they should not have the right to exist. “If one shall claim to seriously work with CSR then I think one should take a step even further and really make sure to do something extraordinary” says Björn.

To implement CSR is difficult according to Björn but you are facing similar difficulties as you would if you would implement any other strategy, you learn from your mistakes and then you improve it. Björn believes that if you want to implement CSR into the core business activities it has to be very close connected to the core competencies of the company. That is what it all comes down to, to look at the business and see how could this be done in a more efficient way and at the same time do more good for the society.
4.2 Himalayan textiles

4.2.1 Company information

The Himalayan region is vast and diverse, stretching from Kashmir to Bhutan and Tibet to Nepal. This expanse and cultural prosperity has developed a diversified variety of textile designs. Pasang Tsering Maharjan the owner of Himalayan Textiles has dedicated his life to preserve the traditional textiles, developing, and promoting Himalayan Textiles. Himalayan Textiles employees twelve people fulltime and is a organic and eco-friendly textile company that uses only organic and antique textiles produced from prized yak wool and colored vegetable dyes, all the products are made by hand. Himalayan Textiles reuses the older and worn out pieces by patching them up with the new ones. The threads from various clothes are rewoven into new carpets and other textile products. Pieces that are otherwise destined to become waste are the basic material and resource. The major market is USA but the company also exports their products to parts of Europe such as Italy, France and Germany.

Main strategic CSR activity: Recycling old traditional textiles and producing eco-friendly textile products.

4.2.2 Research findings

When we arrived for the first time to Himalayan Textiles, which was located in the outskirts of Kathmandu, we were greeted by the founder Pasang Tsering Maharjan who gave us an introduction and showed us some of his most brilliant textile displays and artworks. He also illustrated how he designs his artwork and the production process from raw materials to end product. Later we were able to see how the products were produced in the workshop. Pasang introduced us to one of his employees who showed us how to weave a carpet and the amount of time and skill required to accomplish the final product. It was a fairly small and traditional workshop and all the products were made by hand in the traditional Tibetan way. We got a sense of an authentic and caring environment, almost like a family business. The workshop was surrounded by a garden with fruits and blossoming flowers which created a soothing and relaxing atmosphere.

Born and educated in exile in Nepal after his family fled from Tibet, Pasang has devoted his life to preserving the Himalayan culture. His mission is to make everyone who is linked with his art know their roots and to sustain the ecological balance and future lives of poor rural people. To obtain this goal Pasang’s strategy is to integrate the recycling and environmental friendly perspective into his business using only ecological and nature friendly materials in his products and hiring rural people. By doing so Pasang is able to make a profit while integrating a strategic CSR approach into the core business.

To Pasang, working with strategic CSR in sustainable manners also means that the business should not hamper other things. There should not be any negative aspects in the way the business is run. There should be a natural circle so that it can sustain in a longer perspective. He moves on to compare it with recycling, and that business should have a
full circle closure. When talking about social activities and business Pasang says that he does not want to mix these perspectives. Even though he does run a business with a profit motive, social activities is for him simply the way he chooses to run his business. Doing well while doing good, through the concept of strategic CSR.

Pasang has twelve workers in his workshop, following his designs. His art has been very appreciated not only by foreigners but also by Nepalese and Tibetans. Pasang wants everyone to feel the attachment to the origin of his work, he wants to show the rich culture, art and tradition and to sustain the traditional and beautiful art form. The traditional art of weaving have been the victims of modernization and are on the verge of disappearing. For now, traditional weaving is done only in a few mountain areas, and in Pasang’s workshop. Pasang hopes that the popularity of these patterns might encourage the native people to go back to weaving them again, thus fulfilling Pasang’s mission of revitalizing their culture and preserving the environment. When we speak with Raju Loma and Ram Maya Lama, two of the employees, we can sense the pride that they have in their job. They also express their satisfaction with working for Pasang and the joy that they feel in their work. Furthermore they mention their high motivation when working for Himalayan Textiles in comparison to any other company.

The profit motive is not the most important aspect to Pasang even though he does make a profit on his business he describes the profit as a transit. The real importance is how many people he can employ and give a future. Money is important to a certain point but profit maximization is not the way to go since it does not have any substance according to Pasang.

*I feel the asset is the world. My capital is the world, and it is my responsibility to know how to use it. Money is not something that I am looking for. I am looking for the art of survival so if I can do as much as I can in this lifetime and help people that is the best thing.* - Pasang Tsering Maharjan

Pasang explains that over the past decades there has been a drastic change in the society with plenty of modern technology emerging. Pasang shares his concerns regarding the sustainability of this rapid growth; he is worried that the fast-paced changes in the 21st century will cause difficulties for the coming generation and that they will not be able to have a prosperous living standard. There is a true importance of an ecological balance and with today’s rapid growth the society cannot keep an ecological balance. A balance that is necessary for the survival. In the fast-paced environment with focus on uncontrolled growth Pasang means that the ecological balance is threatened. He continues with saying that these concerns have grown together with his age and that these worries were not as strong when he was younger. His heart and passion has always been with the art and over the last years he has been more aware of the importance of ecological balance so he tries to combine his passion for art with creating a ecological balance in the society. He describe his expanded view as by defining art and what art is as the art of living. These values shine through in what they do. The business strategy of Himalayan Textiles is to integrate the business with nature´s way so that they are united in a natural circle. “When you do business you have to think from the roots to the fruits” Pasang says.
If we could go even 50 years back in time, we would find a very different world in the Himalayan range. This was a world less polluted with all manner of chemicals. There were no pesticides, fertilizers or atmospheric pollutants. It was a purer world and gave us purer materials - Pasang Tsering Maharjan

Pasang also refers to the Buddhist culture and the culture of the Himalayan range when he talks about his business and why it is run the way it is. In the Buddhist culture it is important not to harm any living beings and to hamper the environment. This is a strong influence in his business and personal values. Compassion and balance is a central part. This perspective is one of the reasons for why he runs the business the way he does, to run a profitable business with strong strategic CSR connection is for him very natural.

Pasang wishes to give awareness to the people who think that only modern technology is the solution and who thinks that everything needs to happen fast. Pasang is afraid that the modern societies are changing in a way that is not sustainable and that the situation might spin out of control. Pasang relates to Nepal’s capital, Kathmandu, as an example of a too rapid growth. Only twenty years ago Kathmandu was a beautiful city in balance. However the rapid growth has stripped the city of its natural beauty and energy, therefore it is important that other businesses also think about the sustainable way of doing business and that they consider how to be eco-friendly. Businesses need to be run with a sustainable mindset, with compassion and with awareness. He continues and says that the minds of people today are pressured by modern technology and demands for fast results and focus on short-term profits and this mindset is not sustainable. One thing that makes him really inspired and motivated is to see young people that are interested in social activities and sustainability, it gives him hope for the future generations.

I think about the future, people who is coming, the youths. So that they can at least get a glimpse of their culture and they can at least know what they had before. It is not that they didn’t have anything, they had so much of handicraft, so much of work, so much of compassion and affection of the work and they had their own culture. I don’t want them to lose that so that is why I do restoring, recycling, all these things, collecting, restoration, keeping it intact, trying my best. How much one man can do? - Pasang Tsering Maharjan

One of the most stressed issues that Nepal needs to deal with according to Pasang is job creation or as he puts it the art of survival. He tries to help people from the rural areas of Nepal by offering them job opportunities and shelter when they visit Kathmandu. Kathmandu has become expensive so the rural poor cannot afford to visit the city often. But when they do they visit the most known religious sites in Nepal, Boudha. By offering the people short-term job opportunities and shelter they can afford to visit the site and to get back home.

Regarding the employees Pasang believes that it is truly important that the employees are satisfied with life and that they are in balance and receive a fair salary and a secure environment for their families. He describes the importance of having a free mind. When
the employees have no troubled minds they will do their work well. Therefore it is important to have healthy and motivated employees according to Pasang. Pasang has set up a common fund that he and the employees put money into when they can afford. This fund is used for emergencies if somebody gets ill or is in an accident. The company also has a retirement fund for the employees so that they do not have to worry when they get old. He says that he always tries to help regardless what the problems are domestic or financial. He says that people need to “care and share” and they will receive back what they give.

Pasang also emphasizes on the high quality that comes with using only organic and natural materials. Through the advances in chemistry and mass production, synthetic fibers have come to the Himalayas. However Pasang explains that even though synthetics materials have their benefits nothing compares to natural material. Non-organic textiles build heat more quickly, but they just reflect the heat on our body. Wool builds heat slower but then the heat really penetrates the body. Pasang states with assurance that the natural materials are invincible when it comes to fighting off the cold climate. This strategic CSR approach means that by using eco friendly materials Pasang says he can provide even better quality products than competitors that use synthetic fibers. The business makes a profit and at the same time he is contributing to an ecological balance.

Pasang means that it is impossible to persuade people into doing social work, everybody needs to decide for themselves what they think is the right way. He views greed as a difficult obstacle in the pursuit of upbringing more social businesses.

*If you can’t break the greed in the human, social work is very difficult. They have to break the greed themselves and become compassionate about contributing to society. If they view business from a greedy perspective there is no point in doing social business - Pasang Tsering Maharjan*

There are many organizations claiming their part of the market. However he is convinced that if more business works together strategically by helping each other with their competence they can truly create something great and development the society and the community. Pasang ends our interview by encouraging other entrepreneurs to have a global perspective in mind when doing business to realize that the world is not only in Nepal. They need to make sure to protect the environment from global warming and from wasting the natural recourses. He also encourages them to have a geographical mindset and make sure to use the resources most fitted for the geographical position of the business. To use the resources available to them locally. That will improve the logistics and utilization of resources. Doing business in this way is truly the best way of creating sustainability according to Pasang. With this mindset hopefully more businesses will be able to integrate strategic CSR into their businesses as well.
4.3 Seeing Hands

4.3.1 Company information

Seeing Hands in Nepal it is registered as an enterprise. The business is set up to provide training and employment opportunities in massage therapy for blind people in Nepal. All the massage therapists are blind and professionally trained. The customers are offered highly professional pre- or post-trek massage. Seeing hands have two established clinics one in Kathmandu with four employees and another one in Pokhara with 10 employees. Seeing hands also exists in the UK but unlike in Nepal it is registered as a charity. The charity supports training for blind masseurs in Nepal.

Main strategic CSR activity: Offering job and training opportunities to the blind community in Nepal.

4.3.2 Research findings

We started our observation studies at Seeing Hands clinic in Kathmandu. We had a recreational massage with two of the professional senior physiotherapists. The massage was extraordinary and both of us were very pleased with the professionalism and quality of the massage. It was obvious that the staff had received professional training in the field. The staff was outstandingly versed in English and service minded. The clinic in Kathmandu was recently set up, something that we noticed through the basic interiors and modest layout of the rooms. The clinic in Pokhara was more developed with pleasant facilities and surrounding garden. Both of the clinics were a bit difficult to spot and we would prefer a better display and visibility of the clinics.

In Asia, the tradition of the blind masseur is centuries old. It is well known that their often increased sense of perception and touch makes them ideally suited to learn the profession. Before Seeing Hands the concept had never been tried in Nepal says Susan Ainley, one of the founders of Seeing Hands. At least 600,000 people are blind or visually impaired in Nepal. Most face a desperate future, dependent on others with few opportunities for education or work. Training and employment initiatives like Seeing Hands help them to generate their own incomes and lead dignified and independent lives. Since Nepal is a nation with an increasing popularity of trekking and mountain climbing without any long tradition in physiotherapy. Susan and her husband thought that it made Nepal the ideal place to start such an enterprise. They wanted to do something within the development field in Nepal without taking away job opportunities from the locals. By integrating the social aspect and offering job opportunities to the blind community while at the same time meeting with the needs of an unsatisfied part of the market they developed their social business model. Since the blind often are ideally suitable for the profession it is a brilliant example of business innovation and how to apply strategic CSR in practice, defining opportunities that others derive. They believe this business model to be more sustainable for the country’s development and sustainability in the long-term perspective. It is necessary to make a profit in order to be sustainable says Susan and refers to the charities and NGOs that are not self sufficient and often depends on
donations. Because of their uniqueness and innovative approach the business has been noted in various media, an aspect that has also been good from a strategic marketing point of view according to Susan.

However it was not easy to set up a business in Nepal, there were many huge obstacles to get the business running. According to Susan one of the major concerns has been corruption. Susan explains that when they started Seeing Hands no one wanted to be a part of it. It was 2005 and Nepal had just been listed as one of the most corrupted nations in the world, she describes how they first encountered corruption in small scale and that it then escalated. Also dealing with staff was complicated since the labor laws favor the employees resulting in frequent strikes. Susan continues that fortunately they were persistent so they got over that first hurdle even though it was tough and exhausting.

Today Seeing Hands have trained 19 therapists. Some of them have gone on to do other things, its mainly the ladies that they struggle to hold on to because they get pregnant or get married so they don’t want to work anymore. Susan also understands that it is not a job that suits everyone, she says that she would be surprised if they had a one hundred percent success rate. Regarding the uncertainties and the problems with corruption Susan says that she partly understands the way people behave.

_It’s a real environment of survival and unpredictability you know they have no idea of what the economy or parties is going to do next week whether they even going to have a job or whatever. We’ve always said of Nepalese that if you give them the choice to take ten ponds now from your pocket or 1000 pounds that you promise them in a month’s time they’ll always take the ten pound now because they simply do not believe that you’re going to be there in a month’s time._ - Susan Ainley

According to the employee Anul Kuwar there are few opportunities if you are visually impaired he says the blind meet a lot of prejudice among people. He is truly grateful for the opportunity to work for Seeing Hands and describes his dedication to his work by stating that he will continue to be a masseur until his hands breaks. Ramzi Paudel, another employee agrees with Anul and explains further that many people, especially those who are not very well educated often show great prejudice against blind people. They believe that they cannot contribute to the society or lead an independent life. This is truly a wrong assumption says Ramzi and states that he is truly proud of his independence and that he is able to help his family with contributing to the household with the salary he receives from his profession. Ramzi and Anul feel motivated to work with something that contributes to the society’s development.

_Uneducated people do not believing we can do anything. Now we are independent. If we all own our own business and can do for the public something social, if we do that they will know we can do something and change their mindset_ - Anul Kuwar
Ramzi says that the biggest difference Seeing Hands has made in his life is the feeling of independence, before he was dependent on the money from his family for his studies. Anul agrees that independence and pride are the most important difference the job has made for him. Seeing Hand’s approach to run a profitable business by finding opportunities that many overlook or discard is a constructive example of strategic CSR and has helped many blind to lead an independent and self-sustaining life. Ramzi continues as he describes the best thing about his job.

When I start here I don’t have to do that I own myself and sometimes I can send some money for my parents, that is the biggest thing then I feel proud that I am independent- Ramzi Paudel

Susan means that CSR can be strategic in a number of ways, one aspect is about projecting the image. For Seeing Hands it is therefore quite strategic to show the society and the employees that the company is supporting the blind community. The activity also motivates the employees and they are putting money into a pot every month where the company match the amount and donate to a cause that the staff find suitable. According to Susan these activities fit the strategy of the entire organization since they support the blind community as well as the core business. Susan continues to explain that the philanthropic corporate social responsibility approach is part of the Nepali life and that it is a huge part of status. There are plenty of local businesses that want to contribute to social causes and projects and they will actually compete on who donates the biggest amount of money, there is a real social stigma to not doing that kind of thing and they are actually a very generous nation of people she says. Susan says that they also often help porters that have hurt their backs but that is not something that they market. According to Susan that is just a consequence of being in Nepal.

Susan agree that the social aspect of the business has had a positive effect on the competitive advantages, Susan explains that if people choose between a regular massage center and one that helps blind people as well they will often go with the later. She also says that there seem to be a novelty factor having a massage by a blind person and something she never realized before was that a lot of women, particularly the older and larger. Using CSR as a marketing strategy has therefore also led too much of the attention that they get and by building the company reputation. The recognition and reputation in The Lonely Planet and on Trip Advisor really helped the business says Susan.

When it comes to the success of Seeing Hands, Susan believes that it relies on the standard of service and that they not compromise on the kind of massage they offer. The quality should be highly professional and since what sells the massage is word of mouth they are really concentrated on the professional side of it. This focus on professionalism seems to have a great impact on the employees and their dedication to their profession. The employee Ramzi and Anul says that the best part of being an employee at Seeing Hands is that they are the only real professional clinic in Nepal. There are a lot of massage spas but they are not professionally trained. They feel truly proud to be a part of
the association and they both agree that this is the profession that they want to dedicate their lives to.

*This is one of the best clinics in Nepal and for that we are really proud of Seeing Hands. We learn about anatomy and physiology about the massage that is the specialty for us – Ramzi Paudel*

Regarding the future Anul and Ramzi hopes that there will be more social businesses with the same innovative mindset as Seeing Hands. The blind community among others can contribute if they are given the right opportunity.

Susan finds it difficult to recommend other entrepreneurs on how to integrate CSR into their business models, however she does believe that it is vital that they have the understanding that they have to make a profit. Even if it is a social business you should still spend a decent amount on marketing and you can still develop it, put a commercial perspective on it and it will be more successful from the social enterprise point of view in terms of strategic CSR. Susan thinks that it is nice to donate to charities and things like that and she think that particularly businesses that do very well should do that, but as for Seeing Hands they don’t have a huge surplus. She therefore thinks that a strategic CSR approach probably is the best way to go for entrepreneurs that wants to run social businesses.

### 4.4 Mountain Delights Treks & Expedition

#### 4.4.1 Company information

Mountain Delights is a trekking company that aims to spread the financial flow from the tourism out to the rural areas and villages of Nepal, by doing so they hope to bring capital and uplift selected villages to a chance for development. Through compensation above the expenses for the guests staying in the village, a budget is used for various projects in the village providing health care, education, electricity, and sanitary facilities and more. The company employees 26 people full time and addition to that they also employ a number of local guides during the trekking seasons. In 2011 Mountain Delights Treks & Expedition received a national recognition award for their dedicated work with CSR.

Main strategic CSR activity: Developing rural and remote villages through eco-friendly tourism.

#### 4.4.2 Research findings

Mountain Delights is located in the centre of Kathmandu and is strategically positioned in Thamel, the area that hosts most tourists. The small office reveals that most business is done through word of mouth and over the internet. At our first visit we shared a cup of traditional Nepali tea together with the founder, Ram Sapkota. He shared his story and the background of the business. We were also introduced to some of the administrative staff who explained to us how the bookings work as well as most of the routines at the
At a later stage we got to meet one of the company’s’ trekking guides who explained more about the practical implications of trekking. We felt that there was a mutual respect and understanding between Ram and his employees.

Ram comes from a poor background in one of the many rural and underdeveloped villages of Nepal. Ever since he started out as a carrier Ram has had the strive to improve the opportunities for people with harsh living conditions and poor circumstances. His mission and main strategic CSR objective is to show tourists the rural sides of Nepal and to help developing the countryside and improve the lives of the poor. Ram says that when he was a little boy he was always very different and he had his own little small businesses from an early age. He’s family did not afford to send him to school so he brought home books and studied by himself. Later when he did have the chance to go to school he started unions to improve the conditions. His family and people in his village said that he would either be very successful or the rather opposite. They are now very proud of him as he has made incredible improvements for his village and the youths in rural areas. Ram says that usually no one from his background becomes a business man, he therefore felt that it was his responsibility to help people and to do as much good as possible, since many thousands struggle in poverty in Nepal.

Ram explains that he is trying to create a company that does as much good for the society and the environment as possible, to be a good social responsible business and at the same time make a profit. He explains that his concept of CSR is overall to do what is good for the community or for others when running a business. In the beginning when he did social activities he did not do if for the value that it could generate in his business, because of his background he just did it because he wanted to help. However after he had done many of the activities he says that he started to have more and more ideas and realized that it is of great value for his business as well. It is good for the competitive strategic point of view and it helps building the reputation for his company as well as motivating his employees. He often says that his clients have a social mindset and if they need to book an agency they might as well choose the one that is working to improve the environment and the social aspects as well.

Ram explains that the company’s goals are to develop as many of the rural villages as possible, one village at a time. Providing; education, health, electricity, food and job opportunities. Altogether the company has helped to develop ten different villages.

_We contribute to the job opportunities for the local people in the villages and at the same we care about the cultural awareness and also environmental issues when tourists visit the villages. I am trying to be both social and eco-friendly to create sustainability - Ram Sapkota_

Ram says that he thinks that one of the reasons why it is important that companies work with social responsibility is because they need to think about the long term perspective and how it affect the local communities. Ram talks about Nepal and the nations struggle. It is a very poor country and at the same time it is a very beautiful country with many opportunities.
Mountain Delights Treks & Exhibition has many various activities to create sustainability and at the same time build the company’s reputation and word of mouth. Ram describes the various activities that his company does to improve the society. The main strategic CSR approach is to bring the tourists to the more rural areas, it will generate job opportunities for the local people in the villages which will help the village to develop. Ram means that even small changes matters a lot to the poorest people. Part of the profit are used on social activities to improve the villages, sponsoring children going to school, building toilets, providing electricity. One of his more philanthropic initiatives is an education fund, which is also strategic in a sense since it helps building the reputation. Today the education project has financed the schooling for 260 kids, 80 college students and two nurses. Ram says proudly furthermore that they have financed fifteen support teachers to various villages to ensure that the students will get good support. He says that one important part is that they continuously work with developing the villages. Not like other businesses that donate one big amount somewhere just to show people that they take responsibility. Ram believes in consistency. Even when the business was very small it was socially responsible, it has always been part of the core values of the business. Ram tells that when he was a guide and he took what he earned and used it to sponsor children going in school. They do their activities to make a true impact not for marketing reasons as many other businesses. Small contributions regularly with true intentions, that is what can change the society in long term, says Ram.

By cooperating with companies or organizations that have the expertise needed in a different field they can do more for the villages and build a strategic cooperation between companies that also works with social activities. One project that has been very successful is their cooperation with the red-cross foundation. The project aimed to develop eco-friendly toilets for the rural villages. Ram had heard that the red-cross foundation had the knowledge how to build eco-friendly toilets. Before the toilet was only a pipe and all the waste was going into the river, this led to sever contaminations and enabled diseases to spread more easily. Together with the red-cross he learnt how to build eco-friendly toilets. In 2008 the village that they started out in, 10% of the people had a toilet and 90% did not. In 2012 there was a turnover and 10% did not have a toilet and 90% did. Rams company built toilets for the people from the lower casts and when the higher casts saw that people from the lower casts had their own toilets they wanted toilets as well so they built their own ones. The mission for 2013 is to finalize the remaining 50 toilets for the poorest 10% of the people.

Another successful CSR cooperation is a solar panel sponsorship program that Ram initiated 2008. Together with the support and expertise from the Swedish electric company Holtab the project have helped to provide 125 houses with electricity from a small micro hydrate turbine power that generates power from a waterfall. Most of the poor and rural villages do not have electricity in their communities; they are dependent on kerosene lighting and firewood to heat their homes. This leads to severe problems with deforestation that can cause landslides that destroys the fields where the farmers grow their crops.
Ram says that many of his clients keep contact and that the network is a valuable support. When his visitors and clients see the difference that the projects make in the villages they want to contribute and help as well so many of the tourists becomes like family and help with donating to the various projects. Also the word of mouth is an important part of gaining new people that wants to trek together with the company. Since they are a social business company which has CSR deeply integrated in the company he believes that many clients choose his trekking agency rather than a regular trekking agency.

However Ram also recognize that not all socially responsible business are successful, one of the reasons for his success Ram thinks has do to with that he really knows his field and that he started from the bottom as a porter then as an assistant guide. Ram says that he has had a really hardworking background with a family who had a farming business and he believes that is a strong reason for his business’s success as well as the social aspect. When the company’s reputation grows more influential, people from the media sector and magazines will want to come and trek with the company. Word to mouth is really important, in that way the business get more clients. Ram emphasizes the importance of providing good service for the clients.

To sustain a business you really have to provide the service also not only social activities, if only you help the local people and don’t provide good service for the clients. Let’s say going in the mountain you have to care about the safety also, you should have good staff, they can take care well and also the staff can explain about the culture and so on. Same time you have to give the good service as well. Good service for the clients and then something back for the locals. That’s our target, because if you only give something back to the locals, if clients are not happy with our service, next time they will not recommend us and people will stop coming. So if people not coming, the locals will not benefit you know. So at the same time we also care about our quality service. - Ram Sapkota

One of the challenges today is according to Ram is that many companies put a lot of money on advertising their social activities, eco-friendly or sustainable organization, however the problem is that they do not live up to these promises. Therefore it will be more challenging for businesses that are genuine in their approach. Many people depend on the company because if they send one child to school they have to be able to support the education until the final grade, says Ram. He therefore believes that one of the main challenges will be to continue and sustain the activities but he adds that he become more and more confident that they can.

Ram also thinks that working for his company gives his employees a sense of pride that they are contributing to a greater cause while developing the villages. An important consequence of the CSR activities. There is a positive attitude amongst the employees towards the social initiatives. Ram says that if they will start their own business in the future he hopes that some of his values has inspired them be involved in social activities as well, he believes that they have learned about the importance and they also want to help. Mandira Thapa, one of the employees at Mountain Delight Treks & Expedition says
that the best thing about working for the company is that it makes her feel really proud about the activities that the company does. She thinks that it is truly a great initiative that her company spend some of the profit on scholarship and for the community. She believes that it is really important that companies take social responsibility and helping people in the rural community with education and health. It helps to improve the society and the country and it makes her really proud to work for the company.

_The social activities does a lot because, now still there is a lot more poor places you know. What you see here in Kathmandu or maybe in Pokhara, it's all big cities. I must say this is not real Nepal, if you go in Nepal in remote area the cities are totally different – Dipak Nepal_

Both Mandira and Dipak Nepal says that the values of the company has truly affected their perspective on how to run business. They mostly talk about social activities at meetings and sometimes at work but they feel that they have gained a new awareness of the importance of doing social work thanks to Ram and the company’s way to do business. When asking them about the future and if they would work with social activities they say that it is very important for them and that after having worked for Ram they feel that they want to contribute the best way they can to improve the situation for many people and for Nepal. Dipak works as a freelance trekking guide for the company so he is free to decide which treks he wants to do for whatever company he wishes, however he says because of all the good things Ram and his company is doing he wants to be loyal to the company and he always put Mountain Delights Treks & Expedition before any other company. Mandira agrees and says that Ram is always loyal to his employees and that makes them loyal to him, she says that he is always good to them so it goes both ways. They are both are very impressed with Ram and his social work. Dipak continues and says that he thinks that Nepal really has a lot of potential and that he hopes that in the future the country will learn how to take care of their resources better.

_There’s a lot we can do but I think we’re not doing enough you know just maybe the political situation is not so good and yeah we have a lot of potential especially from hydro electricity power. We have a lot potential but due to the lack of investment and the lack of trained manpower we are not utilizing those opportunities, but we have many natural resources here in Nepal but due to unqualified manpower it is not using now. The educated they always love to go abroad and stay there. - Dipak Nepal_

When asking Ram about what he recommends other businessmen that wants to run social businesses in Nepal he firstly says that he really wants to encourage them to come in to the social business field and help more people. Ram thinks that if more people have this mindset and think in the same way his business does, they can make a great change in the society. He wants to say to other businessmen and woman that earning a lot of money does not create remembrance or respect. Instead he says that by doing something good with that money, people will respect you even long after your death.
I do not want to be somebody who just wants money, I would be happy if more people want to start their social business, I can help them also, how to do it and so on. If new people want to learn from us they are welcome. - Ram Sapkota

4.5 Social Tours

4.5.1 Company information

Social Tours was founded in 2002 and is a socially responsible trekking and tourism company that aims to spread the tourist capital to the rural areas of Nepal as well as to other categories like health recreations, and through cooking classes they also customize treks for disadvantaged people. The environment has been one of the topics close to the heart at Social Tours triggered by the strong conviction that it is their chief asset. Nepal’s combination of stunning natural environment and cultural heritage makes it an ideal country for development of ecotourism. Various protected areas have been established in Nepal and play a central role in ecotourism for the country.

Main strategic CSR approach: Tourism spread to rural areas, eco-friendly and responsible trekking.

4.5.2 Research finding

The company was developed under the principles of corporate social responsibility and tries to work with its vision, mission and values in context of everything it does, says Vishwaraj Gywali (Raj) the founder of Social Tours. Raj says that he started the company because of his educational background in business and because he was interested in responsible tourism. He had previous experience from trekking where he saw the damage that tourism can cause and at the same time the amount of good that it can do. Therefore he wanted to build a business that focuses on enhancing the positive aspects of tourism. Spreading the business opportunities from the tourist industry in as many ways as possible is the goal. Raj is very proud when he says that there are few companies that start with the CSR values as a basis, most companies adopt it later. According to Raj other companies prioritize business and make money first before start thinking about CSR due to marketing aspects.

Integrating CSR is a long and continues process but the image increases according to Raj. The internalization of any CSR activity is a challenge because a manager can have a vision but if not everyone in the company shares that vision; it will not be possible to carry out. Internalizing is therefore a very important process. Raj explains that since he designed the business model and its vision he might understand it in a different way that not all people will understand. But he thinks that it is possible to internalize the values and they are practicing these values every day. If companies succeed in their internalization the CSR aspect will penetrate the entire organization and every aspect of it and become a natural way of doing business. Raj concludes that when you are able to internalize the values, they will reflect the entire core business.
Raj continues and talks about the benefits of CSR. One example that he mentions is that it truly motivates the employees, maybe even more in a developing country context where the salaries are low it is more important to take pride in your work. He says that the values that Social Tours have are very basic and that people slowly start to internalize and use it in their own ways. According to Raj much of the CSR work is common sense and that people do not realize how to apply these values until they are put in a setting where you actually have to think about it.

*The staff becomes a very good team because they feel proud that that they are a part of the company. It helps in a country like Nepal actually, especially in a country like Nepal where the salaries are low then it really helps because it adds a boost of image you know. I’m no flashy glass faced bank you know that pays a high price but people are still proud. Because we are socially responsible. - Vishwaraj Gywali*

As a part of the internalization Raj says that he thinks that it is important to train every element of the business sector. His goal is that CSR should be fully integrated into the entire tourism industry so that it becomes a part of the daily business.

*I would love to have someone that walks into the door and say I need a job in marketing and I understand the concept of CSR and social work. It’s very difficult in Nepal, you just have somebody that walks in the door and says ah yeah I like the concept but I don’t understand anything about it, I have no idea what it means so you have to start from the bottom put the guy into shape you know. - Vishwaraj Gywali*

Social Tours feel that tourism is all about cultural exchange and this is the only way to essentially attain peace throughout the world. Several of their trips therefore focus on sharing of cultural understanding. At one level, Social Tours works with organizations worldwide to provide opportunities for volunteers and organizations to come in real contact with people and make a difference in their lives for example they arrange home stays with people from the villages using the tagline and philosophy that responsibility starts at home. The learning from this work is important for all people involved, the volunteers, the people and organizations they make an impact on and Social Tours as a company that strives to find creative ways to fulfill their moral and social obligations to society.

The two employees Shivari Chhetsi and Birita Pandey both point out this way of spreading the positive impact from the tourism to other areas of Nepal. Birita Pandey says that she thinks that the home stay arrangement is really helpful for both parts with the cultural exchange and also economic growth in the rural villages of Nepal. They both also mention that it makes them really proud to work with Social Tours because the company takes social responsibility. Furthermore, Birita comments on Raj leadership and compliments it as being very flexible and motivating and that she does not think that it can be similar in another organization. She thinks that Raj leadership style and values
really has had an impact on her and she hopes to work with social responsibility throughout her carrier.

Besides its main activities working with spread and customized tours Social Tours also plays its part, in small ways. Raj admits that he knows that the road is long in this process, however small contributions over a long-term perspective will have huge impact. At the company level, Social Tours try to internalize the values into the company’s day to day work. For example they use the backsides of one side printed paper to print our rough documents, and usually print on both sides of fresh sheets. Once the paper is not required anymore, they collect the trash paper and hand them over to a recycling plant. Recycled paper is then used for some promotion material and for the company’s visiting cards. Most of the promotion material is electronic (electricity in Nepal is from hydro sources) hence they avoid use of traditional paper based promotion materials, producing them only for special occasions. A positive effect of this is that they regularly stand out when they request people to take our promotional materials only if they will use them. Also they try and save energy in the office. Using every means to reduce energy consumption and waste is one step in this vast task.

Raj continues and talks about the importance of a common ground to run business and the importance of understanding among the employees so that the business will be run in a CSR sense. At the very start of the company, Social Tours adapted, modified and endorsed a guideline for travelling responsibly in Nepal. These principles have guided the company to develop a responsible tourism policy and over the years. Since August 2008, Social Tours are also participating in a project that aims to develop a custom internal audit of responsible practices. Within this, the company can review their responsible tourism policy, breaking it down to action elements and developing indicators and reports to find where they are. Since they believe that responsible tourism is a continuous work in progress, this will help them evaluate and reevaluate where they stand and help them keep moving in the right direction says Raj.

_The reason for why we do the audit has a market value, no doubt about it. But the main reason for why we do it is because we need the audit. Because if we don’t have it, we don’t realize what we do._ - Vishwaraj Gywali

Raj strongly believes that small contributions over a long-term perspective from many entrepreneurs with different focus will have massive impact. Once again Raj emphasizes on the importance of internalization. According to Raj CSR should be integrated to a point where the social values are always taken into consideration. He says that when doing business one should think then do, not the other way around.

Furthermore Raj also mentions networking as one important thing in the pursuit to become a responsible business. Raj suggests business and business managers to talk to people and be open with what they do and not be scared to take out the skeletons from the closet. Networking today is very important because it enhances the visibility and transparency. Finally, according to Raj the rest a company need is standard business corporate skills to be successful in your approach, there is no compromise to that. Social
Tours offers professionalism, strong personal service and an excellent understanding of customers. They pride themselves on being a company who responds quickly and effectively to inquiries and needs and do everything possible to exceed expectations.

Birita says that she is truly grateful for the societal and environmental awareness that has come with working for Social Tours. She says that she has brought these perspectives home. They have started recycling and reuse whatever they can, something that they did not do before. Even some of her neighbors have started to apply these routines, in Nepal this is still rare and most people just through away their garbage on the streets.

_We need more people to spread the awareness of corporate social responsibility all over the world so that more people will know these values and can apply this concept to improve the society. Then more people will follow up in the future._ - Birita Pandey

### 4.6 CSR Expert Cathrine Frohlich

Cathrine Frohlich is a German CSR expert who has chosen to focus her field of expertise on the Nepalese private sector in Nepal. Since a couple of years back she is positioned in Kathmandu. Her main focus is to resolve conflict and contribute to peace building through CSR awareness. She also gives lectures on the topic. According to Cathrine many companies and people in Nepal have the concept that CSR is an external business initiative with focus on charity or donation activities.

_People in Nepal often think that corporate social responsibility is about donations but when we look closer, it is not just about donations but really to run the business in a more long-term and sustainable way._ - Cathrine Frohlich

She hope that the business awareness of strategic CSR will increase in the near future, however she says that the concept of CSR is still very much in its infancy in Nepal. The most stressed concerns according to Cathrine are the more basic CSR activities such as labor rights policies and environmental guidelines. It is therefore difficult for companies to work after certain global guidelines, especially if they are not applicable to the national laws, that makes is difficult to motivate such initiatives. Cathrine says that political conflicts and instability always resonate in the private sector directly or indirectly and therefore she hopes that the situation will stabilize over the next years. With a more stable political environment there are still obstacles to overcome for the business sector to fully integrate the CSR perspective into the business core activities.

Cathrine says that many think that business and social or environmental concerns are separate concerns, however that is necessarily not the case, it can also be combined. She is very interested in the concept of social entrepreneurship. According to Cathrine that is when businesses really takes CSR to the highest level by addressing a social or environmental issue in the society and build a business model that generates profit. To
change the mindset and attitude amongst people that social, environmental welfare and profit is not combinable, is very difficult and takes long time.

*I really believe that if we try to make business better from the core then we do not need all the donations and on a higher level than we donate all this development aid first exploiting countries and continents and then provide development which makes people completely economically dependent.* - Cathrine Frohlich

Even though Cathrine is positive about the growing interest in CSR she believes that even if the business sector takes small steps towards the CSR approach there is still a lot of green wash, where companies advertise something that they are not actually doing. However, she also believes that the new awareness level can open up the perspectives of the younger generations for the possibilities and opportunities and benefits that come with a strategic CSR approach, sometimes the green wash is a first step to true awareness and realization of strategic CSR.

When we ask Cathrine about whether the growing awareness on CSR in Nepal has been influences by any stakeholders like the NGO sector or demands from the increasing number of tourists she thinks that it has played its part especially in the tourism sector where different organizations have conducted various projects and environmental friendly tourism etcetera. She also says that something that is missing is that international organizations need to integrate the sustainability perspective more into their private sector development. Often she says that many of the international organizations firstly focus on growth and secondly to solve the problems of too rapid growth. She suggests that integrating the sustainability perspective from the beginning is more important. Every aspect needs to have a more strategic and sustainable approach. She continues and says that when you have a small economy like the one in Nepal it is much easier to develop the private sector and value chain with a sustainable perspective from the beginning rather that to focus on growth first and then spend time and capital to rebuild the system again. “When we talk about CSR it makes sense in the long run however people tend to think in a short-term perspective” says Cathrine.

She believes that the short-term perspective in the business sector in Nepal is a reflection to the instability in the economy and where she uses the waste management aspect in Nepal as an example. There have been attempts to recycle and manage the huge waste problems that Kathmandu and the whole country are facing. However, many times these initiatives have had to stand back for other more short-term profit motives so the problem is still a stressed matter.

Corruption is also one of the major issues when talking about the development of an economy and also about CSR, it has an extremely negative effect on societies, however it is very difficult, nearly impossible for the individual company to fight corruption. In order to ward off this development the law restrictions has to become more firm and if you take CSR on a meta level and organize for companies to get together in a sector or business unions against corruption that might be an efficient alternative she says.
Cathrine says that the lack of awareness among stakeholder and consumers is another challenge because the companies are not pressed in the same way. Most consumers never complain because they are not aware about what kind of service they should receive. People are so used to get bad quality and bad service because there is no competition and there is no awareness about how a market is supposed to work.

*The challenges of implementing strategic CSR in many developing countries are for example the political and environmental instability which makes people and business’s extremely short-sighted. It also prevents good, new and innovative business players to enter the market and that also prevents new concepts within business to grow, but that is going to change with the newer generation, the younger generation.* - Cathrine Frohlich

Regarding how companies should choose their CSR activities in the Nepalese context, Cathrine would focus on employees and how to develop codes of conduct and look over previous procedures, because employment and labor laws are a major issue at the moment in Nepal. She refers to risk management and explains that these activities will help the business a lot even if there will still be conflicts. One potential with CSR is also the value of trust and how that saves transactions costs and makes the business much more efficient. Also regarding the employees Cathrine thinks trust is an important factor that benefits loyalty, motivation and pride in the company, she also adds that this is one of the international benefits of CSR.

*There are studies about trust, the value of trust in USA and other countries where you have this institutionalized trust through systems and when you have a lack of trust. I mean how much more difficult does it get to actually get things done on either side of the chain, either supplying or selling. So I think also in that regard there is definitely potential with CSR.* - Cathrine Frohlich

Regarding the donation or charitable voluntary activities we ask if it could be strategic in a sense that it motivates the employees. Cathrine says that she does not understand activities where the employees does not use their full competence, activities with a knowledge approach could stimulate the innovation of new products, which would make a strategic sense. What business need to think about when engaging in CSR activities is how they can contribute to the society in the most strategic and efficient way, just like they do in any other aspect of their business. By doing so that is when CSR will truly be beneficial to the society and development. Cathrine thinks that sometimes CSR is a tool for people to satisfy their own needs and conscience. It is the mindset and approach to CSR that needs to have a more business integrated thinking so that it becomes efficient and really beneficial in practice.

Cathrine’s recommendation to businesses is that CSR should be used as a strategic tool just like any of the other strategy tools in a business. She emphasize that CSR should be viewed as a concept whereby companies integrate social and environmental concerns into
the core business and their interaction with their stakeholders. The business needs to take the CSR aspect into considerations in all areas of their business such as product development, resource and waste utilization, sales and marketing, human resources, investment etcetera. Cathrine brings up the triple bottom line (TBL) as a framework that business should consider while developing their strategies and also when making business decisions. She says the triple bottom line framework ensures that every business decision and operation promotes and supports the environmental and social welfare while making a profit and obtaining sustainability.
5 Analysis

This section will present the analysis and reflection of the empirical study and the interrelation with the theoretical framework of our research. We have outlined our analysis as a business process to strategically work with CSR.

5.1 Strategic Identification

The concept of CSR triggers an interesting shift in understanding business and the business environment which also requires a change in predominant mindsets and mental models on business. The viewpoint has been that profit motive and societal as well as environmental development do not fuse easily or well. The findings in this research as well as the emerging perspective among the business sector prove that this is not necessarily true. A broader perspective is emerging towards a strategic CSR approach.

5.1.1 Added Value

The companies we have visited have all been recognized for their deeply integrated CSR and their many CSR initiatives. They all work with CSR in different ways and from different perspectives but with one shared thought; that it is beneficial and profitable for the company meanwhile it does well for society. From their many activities we have identified at least one main strategic CSR approach of every company and they are all deeply integrated in the core business activities. It is interesting to see that all the main CSR activities and many of the other CSR related activities as well derives from a genuine forward thinking and building for the future. Through deeply integrated CSR activities a company can develop unique competencies and create sustainable competitive advantages. This relates to Barneys (1991) resource based view.

All the founders as well as the employees mention that the CSR initiatives and social and environmental engagement is a source of pride. The employees at every one of the companies that we have visited say that when they see what difference their companies make for the society they feel that they are part of something important. Some of the employees that we have interviewed also stated that the CSR initiatives have made them feel more loyal to the company and the management. Raj, founder of Social Tours says that perhaps it is even more important to create a sense of pride among the employees in developing countries since the companies often cannot offer a high salary. Furthermore Raj comments these benefits as an important strategic aspect for employee motivation.

We believe that this is an interesting thought that more companies can use as a preference.

Ram founder of Mountain Delights Treks and Expedition says that first he did not think about the actual value that working with CSR could have for his business he just saw it as a way of helping people and contributing to society as much as he could. Later on he
realized the business value of working strategically with CSR where he for example works with tourism spread to rural areas of Nepal. We believe that once again it is the mental model of what constitutes a company and its relation to society. The managers have noticed that there are several benefits with working with CSR and that it is possible to integrate in every aspect of the business. If this perspective and mental approach on how to find opportunities could be transferred to other entrepreneurs at an early stage perhaps at an educational business level, more managers might see the possibilities.

It is interesting to see that a relatively small amount of the companies today actually engage in voluntary CSR activities when it can possibly be very beneficial to the company. We believe that it is the attitude towards CSR and that many companies do not see it as a business opportunity. If we use research and development as an example, it is a common attitude among business men that an investment in this will possibly generate future earnings or in other ways be beneficial to the company. Today it is not unusual that companies spend 5-20 percent of their revenue in research and development. Would companies spend more time and resources on CSR if it was a common philosophy that it would possibly generate future earnings?

5.1.2 Strategic and Altruistic Differentiation

According to (Amaeshi et al. 2006; Visser, 2008; Jamali & Mirshak 2007; O’Brien 2000) CSR in is mainly seen from a philanthropic perspective in developing countries. Some of the employees also confirm this theory; the employees at WebSearch mention that before joining the company they had the impression that CSR was only of altruistic nature. Cathrine Frohlich supports this conclusion and during our research we have found that the distinction between what constitutes strategic CSR and what does not is not completely clear among all the managers. For some it is simply a normal way of running business and it has been their personal values that have guided them in their decisions when choosing CSR activities. Some of them that are strategic are simply a result of their values met with a business opportunity.

Throughout our research we have seen that all our targeted companies’ work with voluntary CSR and they all work with both altruistic and strategic CSR. They have surpassed the norm to only fulfill the mandatory corporate responsibility and go beyond. Many companies, mainly large companies still market and communicate mandatory corporate responsibilities as extensive CSR work to try to improve their image. We believe that these obligations should be stated in the code of conduct or as business policies instead. As Björn Söderberg mention, a company has to take that extra step and do something extraordinary to prove that they are essentially working with CSR. We believe that this is the right mindset to be successful in the field of CSR. For example if a company who does not engage in CSR activities decides to do a donation, an altruistic action, this might not be beneficial to the company because it is simply not enough and would not seem very sincere. On the contrary, if a strategic CSR oriented company takes on an altruistic activity this might even add more publicity and could possibly be the reason for winning a CSR award which would result in a lot of recognition. This is the case in some of our examined companies.
In our theoretical framework we have presented literature that describes a differentiation between the two concepts of strategic and altruistic CSR. In our empirical research we have found implications that the distinction between the two concepts is not necessarily easy to differentiate between. The differentiation of altruistic and strategic CSR is interesting in the sense that it seems to be very difficult to define. In today’s literature there is a distinction, Lantos (2011) says that when a business exercise altruistic CSR they have no intention to yield returns on the investment unlike strategic CSR where the intention is to generate profit. Furthermore Lantos (2011) implies that a company can benefit as a consequence. From our research we have seen that there are more aspects to take into consideration. The companies we have visited all work with both altruistic and strategic CSR. We have seen that they work with some strategic activities with profit motives as well as altruistic with nonprofit motives but we have also seen it from another angle where it differs from the literature. Some of the companies work with altruistic activities but argue that they still will generate benefits for the company. Also some of the companies work with strategic activities where the intention is not primary to generate profits. What we can conclude from our research is that one cannot decide whether it is strategic or not based on the intentions. We believe that in order to be defined as a strategic CSR activity it should be connected to the business core activities, a reflection that is supported by Cathrine Frohlich.

### 5.2 Strategy Development

#### 5.2.1 Values of the founding entrepreneur

When examine SME’s we have come across that the personal values of the founders and top management has a huge effect on their CSR approach. This correlates with previous studies that have found that responsible actions within the companies and the ethical perspectives and values of the founding entrepreneurs/owners/managers of the SME, often reflect the company’s approach to CSR (Fuller & Tian 2006; Jenkins 2006; Murillo & Lozano 2006; Spence 2007). The findings implicate and confirm the importance of the ethical perspective while approaching CSR and defining CSR strategies. It takes a lot of commitment and dedication to integrate CSR in the core activities of the company and even more so if you want to build your company on CSR actions. One challenge that we have found in our empirical research is the difficulties with transmitting the values into an organization. Raj from Social Tours comments on this problem and states that his employees might have a different understanding of the implications of the values that he wants to integrate into the organization. Therefore integrating CSR into the business core activities needs to be a constant and dynamic process. As we have progressed with our research it has become clear to us that to a very large extent this commitment is what it takes to make CSR profitable and successful. The values needs to be a part of the organizations backbone and influence every decision and initiative made in the company, this is supported by Schein (1983).

Several of the founders mention their background and personal experience as factors that inspired them to engage in corporate social responsibility to the extent that they have. We
recognize this perspective through Burns (2001) who implies that there is a distinct correlation between the personal values of the CEO’s and managers and the strategies implemented in the company. The companies’ values and way of running the businesses has sprung from a belief that the economic system with profit maximization is not necessarily the right way to run a business. However, they also agree that it is vital that the business has a profit motive and a competitive business perspective in order to sustain. Björn Söderberg comments on this and says that the company always has to keep in mind that it provides products that have better quality and service than their competitors.

5.2.2 Business opportunities

We have arrived to a point where sustainability and corporate social responsibility is not only vital to business strategy but has become a significant driver of business growth. We believe that one vital aspect of strengthening the strategic CSR approach in developing countries is to overcome the predominate mindset that CSR is altruistic and to continuously raise the awareness and mentality amongst the private sector that these perspectives can actually mix successfully. Perhaps the biggest inspiration for change has been the rising awareness within businesses itself. Plenty of the critical social and environmental challenges of our age, once seen as obstacles of growth, have become opportunities for innovation and business development.

In a developing country context like Nepal there are societal deficiencies to a greater extent than in a developed country context. This means there are possibly a lot more business opportunities seen from a CSR perspective (Windell 2006). Although, even if there might be more opportunities, one of the challenges companies’ faces is the innovation part, they have to be embraced with a creative mindset. Through our study we have found brilliant solutions and activities that are beneficial for both the company and society and we can conclude that many of them come from exceptionally creative thinking. Björn Söderberg thinks that the CSR approach should be met in the same way as other business opportunities using the same mindset as in any other aspect of business in order to be successful. By taking this approach we believe that it enables the company to apply the same creative mindset and innovative drive as in any other part of their business. We also believe that it will be one step towards solving one of the questions that Prahalad (2010) together with many other economists around the world asks themselves, how we can find a way to bring the entrepreneurial and innovative drive of private enterprise to solve the serious challenges facing humanity.

It became clear to us that the company founders in our research were all very personally committed to the values of CSR and they tried to build their business models from those values. At the same time they were open to the potential in the market and aware of the societal and environmental issues within their field. The founder at Social Tours comments his CSR activities as just the natural way of doing business. With this mindset we believe that it is much easier to integrate the CSR approach and turn it into a profitable aspect of the business. We also believe that this is the mindset that is required in order to find CSR related business opportunities. This mindset is supported by Björn
Söderberg who says that if a company only fulfills the mandatory aspects required by law it is not enough for a company to market it as a CSR engagement. Without fulfilling these basic principles the companies should not have the right to exist. The company needs to have a proactive approach and look for opportunities that go beyond the mandatory aspects of CSR.

Developing a business strategy and successfully implement it into the business takes a lot of effort from the company. First we have to view from the aspect to actually develop a business strategy and in this case a strategic CSR strategy. According to Andrews (1971) strategy development model a company have to identify threats and opportunities as well as strengths and weaknesses. We believe the focus should be on opportunities and strengths because what we seen through our study is that in order to successfully develop a strategic CSR strategy the company has to identify an external societal problem which the company can contribute to with already existing competencies. This is also promoted in Jenkins (2003) business opportunity model, to overcome the challenges and identify the business opportunities that could give the company a competitive advantage. A good example of this from our research is Seeing Hands main strategic activity, to professionally train blind people to become physiotherapists. This example is truly a great illustration where a company challenges the conventional ideas and finds a way to see the benefits, in this case with integrating a group of people into the workforce by finding their specific qualities and talents that has previously been overlooked by society. At the same time it is closely connected to the business core activities, especially since blind people usually have more enhanced sense.

5.2.3 Choosing CSR activities

A central part of benefiting from the opportunities offered by CSR is to develop a business strategy that aligns the company’s business goals with strong dedication to CSR values and principles (Jenkins 2009). To enable this process to run efficiently a clear CSR vision might be helpful (Heslin & Ochoa 2008). We believe that it is vital that the CSR initiatives are well aligned with the values of the organization. The reason for this is that it has become clear to us during our research that CSR has such a strong connection to a value driven approach and the organization needs to be fully committed for it to be successfully implemented. If the corporations had well thought out strategy programs, specially designed for the specific attributes of each company, business, society and the environment would have benefited as a result. Therefore there are limitations in the use of “best practice” when it comes to strategic CSR. We agree with Porter and Kramer (2006) that the optimal goal is to create a win-win situation between society and the business sector.

The organizational benefits of strategic CSR has the opportunity to provide substantial results, at the same time the company will most likely meet challenges in doing the organizational changes needed to implement strategic CSR (Heslin & Ochoa 2008). Due to the dynamic and complex processes that require individual adoption for each company and business model there are limitations in designing a strategic CSR implementation framework as a one-fit-all solution or a “best practice” approach (Kleine 2009). Every
strategy is unique and every company needs to consider the opportunities suitable for their business activities and standpoint to realize their goals. As in the case of any other strategic development process the undertaking of incorporating CSR as a part of the organizational strategy, faces similar challenges.

5.3 Strategy realization

The traditional literature often treats CSR separately from the broader organizational company strategy (Babiak & Trendafilova 2011). Through our research we have become fully convinced that strategic CSR activities need to be integrated into the business core activities in order to be successful or substantial. Otherwise if the company changes its managers it is easier to remove the externalities of an organization and more difficult to alter the very foundation on which the company is built. Therefore we agree with Porter and Kramer (2006), who promote an interrelationship between companies’ initiative and their strategic activities.

Heslin and Ochoa (2008) suggest that when implementing a CSR strategy, companies should limit their CSR initiatives, focusing on the ones which seem most promising. Björn Söderberg believes that companies should choose their activities carefully and make sure that they can create value for the company. However if the company have identified several opportunities with potential that are linked to the business core activities he does not see any obstacle with engaging in several activities. First and foremost we believe that to truly identify a CSR activity as strategic it has to be integrated into the core activities of the business. If the CSR action is more project oriented which means it has a time limit and not fully integrated into the core activities it should be closely connected to the business goals and support the core activities. A good example of this is the tutoring program at WebSearch Professionals that taught the employees to read and write which increased efficiency at work immensely.

5.3.1 Communication and values

The commitment is critical when it comes to implementing a CSR strategy in order for the CSR strategy to be successful, both the management and the employees must share confidence and dedication to the CSR strategy. This has to be communicated throughout the whole company and be part of the company culture. We strongly believe that this is a key ingredient in order to work with strategic CSR. If the company feels forced to implement CSR from external factors, which today is a common phenomenon, we believe that the strategy rarely becomes successful. According to Björn Söderberg it is not more difficult to implement a CSR strategy than any other strategy. What it all comes down to is how much effort you put into it to make it successful.

Since the CSR strategies differ from the ordinary strategies in a company in the sense that they are more value oriented and value driven, it is especially vital that the values become part of the organizational culture. Learning therefore plays a central role in the realization of a CSR strategy it needs to be continually communicated throughout the organization. Education and understanding of CSR and sustainability can therefore be an efficient step.
towards integrating the concept into the business culture. According to Maon, Lindgreen and Swaen (2009) education is an important part of an implementation process. Schein (1983) describes the importance of embedding an organizational culture that fits the values and strategies of the overall organization in order for the employees to adopt the values and apply it in their daily work. The founders in our research highlight this importance at several points in our empirical information.

5.4 Strategy Evaluation

5.4.1 Triple Bottom Line

When it comes to determinate if a CSR activity is strategic or not it is a quite wide range of aspects one can view it from. The main criterion it has to fulfill is of course to be beneficial for the company including possible shareholders; otherwise it will be classified as altruistic. A common tool to evaluate CSR is triple bottom line; people, planet and profit. However, we can conclude from our research that none of our companies except for Social Tours use any tools or evaluate their CSR activities to a high degree. Even if they do not use any tools the goal is still the same and they are trying to achieve these aspects; people, planet and profit. Although, when speaking with Raj at Social Tours, he highlights that the internal audit system has been very rewarding. He elaborates on the topic and points out that it is necessary to keep track of all the social activities and follow up the outcome of every individual activity. We agree with Raj and believe that a SME definitely can benefit from an evaluation system. The problem today is that most of the reporting initiatives and guidelines for CSR are designed for large companies and rarely applied by the SME’s.

5.4.2 Strategic performance

A company can have a caring organizational culture, however if the company does not generate any benefits this will not be sustainable. The question is how companies measure if a CSR activity is beneficial to them or not. We have to look at both hard and soft facts, where hard refers to financial aspects and soft refers to other aspects. Obviously if a CSR activity generates profits it is truly a strategic action. A good example of this is the scholarship program at WebSearch Professionals which breaks even six months after the students finished their education and there after generate a surplus. If we look at the soft parts it is much more difficult to measure if a CSR oriented activity is strategic or not. Strategic CSR could increase motivation and loyalty among employees (Lantos 2001). Among our examined companies all agree that having an integrated CSR approach motivates the employees, which leads to a more efficient company. This is confirmed when we talked to the employees within the targeted companies, they all say that they feel more motivated to work thanks to the CSR efforts from the company. These long term investments can yield return from many perspectives and not only through a direct financial gain.

From an image building marketing point of view it is difficult to measure if a CSR activity generates future earnings or even if they do, how much they generate. Under
these circumstances, can they be identified as strategic CSR activities? According to Lantos (2001) as well as some of the companies we visited CSR activities can be viewed as strategic if they improve the corporate image towards external stakeholders. Susan at Seeing Hands believes that a unique and innovative CSR approach can be very beneficial for the company from a strategic marketing point of view.
6 Conclusions

In this chapter we outline our research questions and present the conclusions we reached. The conclusions will be presented mainly as guidelines to fulfill our purpose to assist entrepreneurs with the CSR integration process in order to run profitable sustainable businesses in developing countries.

The purpose of this thesis is to conduct research on CSR-strategies in core business activities and expand the theoretical framework of strategic CSR in a developing country context. We want to contribute with practical examples on strategic CSR and construct guidelines to a successful CSR integration process for entrepreneurs and SME’s that aspire to run profitable and sustainable businesses.

6.1 Research questions

- How are strategic CSR activities identified as successful and sustainable investments?

To answer this question we have identified numerous characteristics of successful CSR activities found in the companies of our research.

In order to consider a CSR activity as a successful and sustainable investment it has to fulfill a few fundamental criteria, it has to benefit the company as well as the society, the environment or both. Since it is a CSR activity we state that it is going to be beneficial for the environment or the society but if it is going to be strategic or not depends on the company return. It can be viewed from a couple of aspects; if it benefits the company financially it is a strategic activity. Direct financial gain is what we define as a hard factor. This can be done through product innovation which fills a gap in society and at the same time generates earnings for the company and creates a win-win situation.

When looking at the soft factors we have mainly two perspectives it can benefit the company, externally and internally. Externally, both altruistic and strategic activities can be considered sustainable and successful investments. This is mostly connected to an image building or value increasing perspective to the company from a marketing point of view. It is very difficult to measure but from a long term perspective one can expect added value. This is value to the company seen from external stakeholders such as investors, customers and clients’ etcetera.

The second perspective; internally, is mainly employee motivation. This is usually empowered by pride and loyalty which will lead to increased efficiency at work. Apart from employee motivation, another approach is to increase the knowledge within the company through internal training and education which also could increase the efficiency of the company through smoothened working processes.
There is still a differentiation between altruistic and strategic CSR activities but altruistic activities can be considered as beneficial as well. The differentiation regarding the two concepts is interesting since it is difficult to define. Unlike existing literature we have reached the conclusion that one cannot decide whether it is an altruistic or strategic CSR activity based on the intentions. We believe that it is the connection to the business core activities that determine the strategic level of the activity.

- How can SME´s integrate strategic CSR?

To answer this question we have constructed guidelines for how to integrate strategic CSR in a SME. The guidelines are basic steps in a sequential order. We have purposely kept them simple and general since there are limitations in a “best-practice” approach. As we have mentioned in our analysis it is necessary for companies to develop their unique CSR strategies depending on their business sector and individual business goals.

1. Develop values and vision

Initially in the strategy development stage, an individual CSR strategy needs to be outlined in order to fit the core activities of an organization. In order to do so, having a clear vision and idea of what your main values are makes the process of choosing the activities easier. As we have mentioned it is important that the entire organization is committed and engaged in integrating the CSR strategies in order for it to be successful. Since CSR is more value-oriented and value driven than other business strategies this is a very important first step phase when integrating a strategic CSR activity.

2. Define business opportunities connected to core competencies

The next step is to find business opportunities and define the CSR strategy in the company. In order for the CSR activity to be successful and beneficial for the company it needs to be connected with the core competencies in the company. It is vital that the activity in some way support the main business core. By focusing on opportunities and strengths it enables the company to contribute with its own core competencies in a particular field of expertise while addressing societal or environmental issues. Any other activities should be considered as a waste of resources and will be difficult to motivate to the company’s stakeholders. We believe the focus should be on opportunities and strengths because what we seen through our study is that in order to successfully develop a strategic CSR strategy the company has to identify an external societal problem which the company can contribute to with already existing competencies

3. Promote a Dynamic and creative culture

In order to succeed with the challenge of implementing a CSR strategy the company will benefit from promoting a dynamic and creative mindset that stimulates forward thinking and innovation. Integrating and implementing CSR into an organization is a continuous process that faces challenges. Stimulating the employees and keep learning as a central
part of the implementation process enables to create a mutual understanding of the values and build a responsible company culture. When a CSR strategy is successfully implemented, it becomes a natural part of doing business and will influence every aspect of the decisions and initiatives inside the organization.

4. **Fit the core activities and overall strategy**

In the integration stage the founder needs to take a number of factors into consideration. Through our research we can conclude that strategic CSR activities need to be integrated into the business core activities in order to be successful or substantial. It is also vital that it fits the overall strategy of the company so that the when integrating a strategic CSR approach it will not hamper the original business strategy. Furthermore it also promotes the innovative drive of the organization when linked to the core activities. The business should run as usual but improved by the CSR actions and become a part of the company’s daily routines.

5. **Communicate commitment throughout the company**

In order to realize a CSR strategy the commitment is critical, both the management and the employees must share confidence and dedication to the CSR strategy. Furthermore, this has to be communicated and educated throughout the whole company and be part of the company culture. The attitude should be the same as when integrating any other company enhancements, a genuine belief that it will benefit the company. We strongly believe that this is a key ingredient in order to work with strategic CSR and make it successful.

6. **Follow up and evaluate**

Finally follow up and evaluate to make sure that the CSR strategy is followed. This is something that we consider truly important and an identified deficit among most of our studied companies. Although, when performed well it is possible to keep track of all the CSR activities performed by the company. This gives the possibility to stimulate reflection and evaluate the activities if they are successful or not. We do not believe it is necessary to apply existing reporting standards for large companies. It is sufficient to develop an own evaluation system that fits the company.

Below we present our model of the CSR integration process with the basic steps that entrepreneurs and SME´s that wants to integrate a strategic CSR approach into their businesses should take into consideration. As we have mentioned at several points in our work there are limitations in a one-fits all solution and development of guidelines. We have outlined our guidelines in order to fit the overall integration process of a business.
CSR integration process model

1. Develop values and vision
2. Define business opportunities connected to core competence

3. Promote a dynamic and creative culture
4. Fit the core activities and overall strategy
5. Communicate commitment throughout the company

6. Follow up and evaluate
7 Concluding remarks and suggestions for further research

In this chapter we present reflections and the implications of our research for those we believe can benefit from our research. We also present suggestions for further research.

It is our aim that the conceptual framework developed in this research will be able to support organizations to reflect their approach to strategic CSR and also to reflect on their relation with the society. Throughout our research we have gained a deeper understanding of the concept of CSR and how companies can work with this strategically. Many companies today have the idea that CSR is an external and altruistic aspect of a company that only contributes to the company´s image, however with the right approach and by integrating the CSR into the business core, and adapting it to the unique characteristics of the company it can generate a win-win situation. We have also gained an understanding for the challenges that comes with implementing CSR in an organization and in a developing country context. The qualitative scientific approach in our research has helped to go deeper into the underlying factors that affect the organizations understanding of the CSR concept, the values of the entrepreneurs and founders and how it affects the business culture and mentality. We have concluded that the CSR approach have benefits to the organizations that adds such a great value that its impact should not be overseen by any business. It has been a truly rewarding experience that has brought new perspectives on the importance of a proactive and innovative approach to CSR.

Since Nepal has a very shaky system and uncertainties there are many obstacles for business to overcome and apply new solutions that will benefit the society. The more we have learnt about sustainability and CSR we realize that it is more or less about a balance between the interests of the private, societal and governmental sector. In the cases where there is a successful balance an accelerated development will be the result. It is difficult for companies to prosper and fully reach their potential in a surrounding with uncertainties and an unstable business environment with corruption etcetera. Building a stabile and nurturing environment for the SME´s to prosper is therefore a critical part of shaping the future development in Nepal and other developing nations in combination with a proactive and strategic CSR approach.

7.1.1 Implications for practitioners

Integrating strategic CSR into the business core activities is a process that will require some time and effort and that the entire organization works towards a common goal and vision. It also requires that the organization is equipped with a conviction that sustainability or CSR is not something that is an option to either choose or neglect but that it is a central part of how to do business from today and forward. Regardless if it is about trying to achieve better working conditions for poor, help youths into the market or to work with decreasing domestic violence there are companies that have realized that
they can actually create a value for their organization. At the same time they are trying to meet these societal challenges of different character and they do so from their own unique competencies, attributes and own individual ability.

Since the society is changing and we have entered a global arena where we face new obstacles and challenges regarding how to create a sustainable growth especially in the developing world. We need to challenge our conventional ideas about our financial system. One aspect that has caught our awareness during this research has been the huge potential within strategic CSR in the private sector and its relation with the NGO’s and aid organizations in the developing world. Since our research has indicated that it might be time to reconsider and develop this system we think that it would be very interesting with further research within the field. Is strategic CSR perhaps a better approach and more sustainable investment than aid focused support from the developed world? Should charity organizations focus their efforts towards developing the private sector rather than the infrastructure, healthcare or educational systems? Furthermore another aspect that we believe would be interesting to study further is the national impact and benefits that the growing CSR initiatives have for the development of a society. If possible, it would be interesting to measure the positive effects that come with a more proactive engagement in societal and environmental concerns amongst the private sector.

7.1.2 Theoretical contribution and implications

In our research we have shed light on successful cases of business that have integrated the CSR perspective in their business core activities on a successful and profitable, self-sufficient level. Furthermore we have developed guidelines for entrepreneurs and SME businesses that want to integrate this perspective into their own core activities and business models. We have also contributed with a clarification and understanding of the interrelation between the concept of altruistic and strategic definition of CSR. We believe that it would be interesting and valuable with a study that further expands the framework of the values of the individual entrepreneur and CSR orientation and its impact on the organization in a developing country context.

7.1.3 Implications for policymakers

Today entrepreneurship is not often referred to in a developing country context. We believe that it should be used more in the discussion on how to solve the critical situation in many developing nations. With that being said, social entrepreneurship does not necessarily solve all the problems but it can help to overcome the gap between the welfare sector and the private sector.

Among the companies that we have interviewed several of the founders have mentioned the charity and aid organizations as a threat to the development of Nepal and that social entrepreneurship is a more viable and constructive way to go. The concern is that the aid and charity organizations are not sustainable and self-sufficient since they depend on donations from other nations and private giving. The issue here is that it creates a culture of dependence in Nepal that is not sustainable for future generations. In the managers
perspective of our companies the best way to develop a country and create a self sufficient nation is through a stable and self sufficient business sector, one that is in balance with the resources and society. We found this information very interesting in our research since it fueled our perception that strategic CSR might be the most proactive approach when it comes to changing the perception on businesses role in society and their contribution to developing a nation.

We agree with Prahalad (2010) and Yunus, Moingeon and Lehmann-Ortega (2010) as well as the company founders in our research that to build a solid and sustainable foundation it is crucial for a nation not to depend on aid assistance. The goal needs to have a self sustainable and self sufficient aim. Strategic CSR is therefore a very pragmatic and viable approach in the context of developing countries as a way to poverty alleviation. A topic that we feel has potential for further research is the implication of strategic CSR for policymakers. Perhaps aid organizations, charities and NGO’s in developing countries should focus their support to social businesses and CSR initiatives in the private sector that are built on a social business models in order to create a more sustainable outcome.
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Appendices

Appendix 1. Questionnaire for founders

1. What does strategic Corporate Social Responsibility mean to you?
   - Why is it important that companies work with Corporate Social Responsibility?

2. Describe your CSR activities, Exemplify.

3. How do you choose the CSR activities?

4. How do you measure, report and follow up CSR?
   - Financial and economical performance?
   - Social and ecological performance?

5. What are the success factors of your strategic CSR activities?

6. Do the CSR activities fit the strategy of the organization?

7. What are the challenges with implementation of social responsibility?

8. What are your goals with the company’s social activities?

9. Do you see your CSR approach as a competitative advantage?

10. Do you experience that the CSR program motivates the employees to a greater societal engagement?

11. Is CSR part of the organization’s “life style” or culture?
    - In what sense?
    - Are the social values of the workers similar to the organization?

12. What are your recommendations for other companies and entrepreneur’s who wants to work with CSR?

13. Did you have any role models within CSR?
Appendix 2. Questionnaire for employee focus groups

1. What are the best things about your company?
   - What is the most important?

2. Does your company contribute to the society?
   - In what way?

3. What does corporate social responsibility mean to you?
   - Do you think it is important that companies work with social responsibility?

4. Do you feel motivated by your company to a personal social commitment?
   - In what way?
   - Has it changed your perspectives?

5. Is CSR part of the organization’s “life style” or culture?
   - In what sense?
   - Do you talk about social and environmental issues at work?
   - Are your values similar to the organization?

6. If you would start your own company, would you work with social responsibility?
   - Why?

7. Do you contribute to the CSR activities in your company?

8. What is the biggest difference this job has made for you?

9. How do you see Nepal in the future?
   - Your children?
   - Education?
Appendix 3. Questionnaire for CSR Expert Cathrine Frohlich

1. What does strategic Corporate Social Responsibility mean to you?

2. Why is it important that companies work with Corporate Social Responsibility?

3. If a company wants to implement CSR, what activities should they focus on?

4. How should they choose the CSR activities?

5. In what way could CSR activities be profitable? (How can companies achieve profitability through CSR?)

6. How should companies measure, report and follow up CSR?

7. Financial and economical performance?

8. Social and ecological performance?

9. Is it important that the CSR activities fit the company goals and strategy in order to be successful/profitable?

10. What are the possible challenges with implementing social responsibility?

11. Do you see a CSR approach as a competitive advantage?

12. In what way?

13. Do you believe that a CSR program motivates the employees to a greater societal engagement?

14. To what extent are social values important among managers and employees when integrating CSR in the core business?

15. What are your recommendations for companies and entrepreneur’s who wants to work with CSR?
Högskolan i Borås är en modern högskola mitt i city. Vi bedriver utbildningar inom ekonomi och informatik, biblioteks- och informationsvetenskap, mode och textil, beteendevetenskap och lärarutbildning, teknik samt vårdvetenskap.

På institutionen Handels- och IT-högskolan (HIT) har vi tagit fasta på studenternas framtida behov. Därför har vi skapat utbildningar där anställningsbarhet är ett nyckelord. Åmnesintegration, helhet och sammanhang är andra viktiga begrepp. På institutionen råder en närhet, såväl mellan studenter och lärare som mellan företag och utbildning.

Våra ekonomiutbildningar ger studenterna möjlighet att lära sig mer om olika företag och förvaltningar och hur styrning och organisering av dessa verksamheter sker. De får även lära sig om samhällsutveckling och om organisationers anpassning till omvärlden. De får möjlighet att förbättra sin förmåga att analysera, utveckla och styra verksamheter, oavsett om de vill ägna sig åt revision, administration eller marknadsföring. Bland våra IT-utbildningar finns alltid något för dem som vill designa framtidens IT-baserade kommunikationslösningar, som vill analysera behov av och krav på organisationers information för att designa deras innehållssstrukturer, bedriva integrerad IT- och affärsutveckling, utveckla sin förmåga att analysera och designa verksamheter eller inrika sig mot programmering och utveckling för god IT-användning i företag och organisationer.

Forskningsverksamheten vid institutionen är såväl professions- som design- och utvecklingsinriktad. Den övergripande forskningsprofilen för institutionen är handels- och tjänsteutveckling i vilken kunskaper och kompetenser inom såväl informatik som företagsekonomi utgör viktiga grundstenar. Forskningen är välrenommerad och fokuserar på inriktningarna affärsdesign och Co-design. Forskningen är också professionsorienterad, vilket bland annat tar sig uttryck i att forskningen i många fall bedrivs på aktionsforskningsbaserade grunder med företag och offentliga organisationer på lokal, nationell och internationell arena. Forskningens design och professionsinriktning manifesteras också i InnovationLab, som är institutionens och Högskolans enhet för forskningsstödjande systemutveckling.