

Corporate Social Disclosure in Pakistan: A Case Study of Fertilizers Industry

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Abstract: *The performance of the firms in corporate sector is heavily dependant upon the corporate governance practices (Nazir et al. 2009) as well as consideration of social responsibility into the general managerial practices of firms, the dimensions of socio-cultural environment into business procedures, and compliance with other ethical and regulatory issues. The researchers have focused on the incorporation of corporate environmental governance issues into business practices in order to gain a competitive advantage for the firms (Wise and Ali, 2008; Mitra et al. 2008). However, a little has been found on the corporate environmental governance issues and practices of Pakistani firms since the concept of corporate governance and corporate social responsibility is newer for the emerging economies like Pakistan. This study tells about the three companies and their corporate responsibility towards the Pakistani society, namely, Engro Chemicals, Fauji Fertilizers, and Dawood Hercules Chemicals. These companies are in the business of fertilizers which is riskier to health and environment, however; they are considering Corporate Social Responsibility and environment safety for generating goodwill in the minds of customers and stakeholders.*

Key words: corporate governance, corporate social responsibility, health and safety, environmental issues, community involvement, case study, Pakistan.

INTRODUCTION

The performance of the modern corporations is heavily dependent on business activities as well as its role for sustaining long term reputation and good will, which in general is called Corporate Social Responsibility (CSR) of firms. CSR is the subset of firms' overall corporate governance practices regarding business procedures, legal and ethical practices

with the focus on investors' rights protection and social stakeholders of the firm. During the past few decades, this role of the firms in the society has been an issue of growing public awareness. Many firms contributing towards economic growth have been blamed for creating social problems in the society. Some of the issues researched most frequently include long corporation power, employer safety and health, environmental proactiveness, waste management, resource depletion and product quality (Mitra et al. 2008). The corporations are induced to be accountable to a wider set of audience than share holders only. Friedman's (1962) doctrine, that the only social responsibility of the manager is to maximize the profit of shareholders, is not universally acceptable; rather the role of the corporate governance is to maximize the share holders' wealth along with sustaining appropriate returns for all other societal stakeholders. Studies have proved that awareness is growing on the part of firms putting an obligation to help society even if it earns loss or profit (Wise and Ali, 2008).

During the mid 1970s, various accounting institutions began to consider social disclosures in company's reports due to the criticism of using profit as the final mean to evaluate corporate performance. Moreover the researcher also began to articulate the different theories in this regard i.e. agency theory, legitimacy theory, stakeholder theory and political economy of accounting theory (Belkaoui and Karpik, 1989; Gray et al., 1988; Guthrie and Parker, 1990; Patten, 1991, 1992; Roberts, 1992; and Gray et al., 1995a).

However, there is still no consensus on the generally accepted framework of Accounting for corporate social responsibility (Mitra et al., 2008). Despite of this lack of consensus about why firms report social responsibility information, an increasing number of local and multinational firms started disclosing their activities of social responsibility in their annual reports voluntarily. In this regard, Corporate Social Disclosures (CSD) are defined by Guthrie and Mathews (1985) as the provision of financial and non financial information stated in its annual report or separate social

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reports relating to interaction with its physical and social environment.

The present study aims at analyzing the corporate governance practices of three Pakistani firms from fertilizers sector relating to corporate social responsibility with a view to examine and link corporate governance practices with ethical business processes as well as providing some domestic evidence on corporate social disclosures of firms in Pakistan using case study method. The remainder of the paper has been organized as follows; the second section of the paper develops the theoretical background and model for the paper, the third discusses and analyzes the three case studies selected for study and final section concludes the paper suggesting some implications for the companies and management.

THEORETICAL BACKGROUND

Majority of the studies in CSR have focused on the developed economies of the world and a little work has been done in emerging markets like subcontinent. UNCTAD (2004) defined CSR as imparting the social responsibility actions into the business policies and procedures including economic, social and environmental concerns. The minimum standard observed by the organization is to ensure the compliance with law regarding CSR. The scope of CSR includes the direct as well as spill over impact of organization's actions that may affect society. However the extent of organization social liability is still a debatable issue.

Kendall and Kendall (1998) proposed that good corporate governance encompasses an ethical approach, culture, society, organizational paradigms and the balance between the objectives of all interacted parties of organization. There should be a decision making model giving weight to all above stakeholders and there must be accountability and transparency in the actions and decisions. However, Talakdar and Bakhtear (2007) reported that top performing sectors of Dhaka Stock Exchange in December 2007, i.e. banking sector, indicated a low incidence of corporate social responsibility reporting which is a negative implication of corporate governance in banking sector of Bangladesh.

Chowdhury (2006) also considered the environmental perspectives and urged that there is strong need for firms to incorporate

environmental responsibility into their corporate governance practices and policies and future strategies should avoid manipulation and misrepresentation of the information. Because, in the long run, the choice of being not 'green' may have serious consequences financially and environmentally. Same is also observed by Kabir (2007) for Lever Brothers Bangladesh Limited to allocate more resources and time to become a model of 'green' business in its sector and achieve long term benefits.

"Environment Reporting" is a concept that is relatively new in Pakistan. It provides an opportunity for companies to inform stakeholders of their corporate efforts in ensuring that operations and businesses have minimum impact on the environment. Companies should not view environmental reporting as an impediment to their businesses. Instead, they should embrace it as an opportunity to enhance their business. This is a real challenge in a country like Pakistan, where the command and control systems permeate the governance of our economy. The tendency for pervasive regulatory frameworks often tends to prove self defeating in that they only tend to focus on disciplinary actions, rather than providing the corporate sector with an enabling environment for greater compliance on social and ecological standards.

In this regard, Institute of Chartered Accountants of Pakistan (ICAP) has introduced IAS 19 that deals with employees' benefits for short term, long term, post employment and termination benefits. Benefits regarding wages, salaries, securities contributions, short term leaves, sick leaves, medical leaves for family, and different retirement benefits are given to employees according to their job status. Disclosures about employee's safety and job security policies ensure public about ethical and moral values of a corporation and attract foreign investments; hence a positive effect is shown on firm's performance. ICAP has launched reporting requirements regarding internal control and disclosure of different risk management systems, yet no particular standard has been developed regarding the external environmental control standards.

Moreover, government has introduced Pakistan Environment Protection Act (PEPA) and introduced National Environmental Quality Standards (NEQS) in 1997. According

to which companies are required to follow environmental regulations controlling population, agricultural wastage, social hazards, or any damage to human life. The ACCA-WWF Pakistan Environmental Reporting Awards were launched in collaboration with the Ministry of Environment and IUCN Pakistan in 2002 to recognize and reward companies that report corporate environmental, social and sustainability performance to a broad range of stakeholders. In addition to it, the work of the Global Compact is to be organized through soon-to-be functional Global Compact Foundation, a not-for-profit company that seeks to work closely with the corporate sector on Corporate Social Responsibility issues and in developing effective incentive systems for rewarding and sustaining good corporate performance in Pakistan.

In the light of above discussion, the present study provides a link between theoretical perspectives of corporate social governance and practices of Pakistani companies regarding CSR reporting. Three companies from the fertilizers industry of Pakistan are selected as case studies to analyze the corporate social disclosure. The fertilizers sector of Pakistan consists just of four public limited companies listed on Karachi Stock Exchange including Dawood Hercules Chemicals, Fauji Fertilizers, FFC-Bin Qasim, and Engro Chemicals. We were unable to find any data regarding the corporate social responsibility and environmental reporting about FFC-Bin Qasim Limited so this company was skipped out. The major indicator of corporate governance in any country may include establishment of rights of stakeholders, enforcement of regulation and law and order, protection of creditors and customers. Mostly, researchers categorize the reporting of these social actions for the purpose of study. In this regard, current study utilizes the six categories of CSD proposed by Hackson and Milne (1996).i.e. (1) environmental; (2) energy; (3) employees; (4) product; (5) community involvement; and (6) others. The CSR reporting of the three selected companies has been analyzed using the above six categories.

Case Study 1 – ENGRO CHEMICALS LIMITED

Background

Engro Chemicals Pakistan Limited (Engro) is based in Pakistan and primarily focuses on the manufacturing and marketing of fertilizer. Its urea fertilizer manufacturing site is situated in Daharki in the province of Sindh. Engro was established when Exxon (Esso until 1978) divested its business in 1991. The employees of Exxon Chemicals Pakistan Limited decided to buy out Exxon's share and renamed it Engro, which stands for "Energy for Growth." At the time of writing, Engro is expanding its production capacity of urea through the creation of a new plant in Daharki which will be the world's biggest single train ammonia-urea complex upon completion. The company expects to reach a capacity of around 2.3 MMET Urea per annum by mid-2010. Engro has 130 management employees and 350 non management staff at the plant in Daharki. These numbers are expected to increase to 195 management and 555 non-management before new projects commissioning at the enlarged plant. In addition, Engro employs 72 contractors and around 5000 contract employees on a daily basis. The latter number will decrease to around 1000 - 1200 as the plant extension nears completion. The commitment to health and safety is an explicit part of the core values stated in Engro's corporate responsibility report. A corporate health, safety and environment (HSE) committee has been in place since 2004. This committee has been headed by the company president, Asad Umar, as the DuPont assessment suggested that a commitment to safety, health and environment would have to come from the very top of the company. There is also a section dedicated to the safety of the manufacturing site, headed by a safety unit manager and staffed with a senior safety engineer, a process safety engineer, a safety supervisor and a safety technician. These five people are exclusively employed to improve Engro's safety, and report to the health, safety and environment manager. Safe Operating Committees at the divisional level entrench commitment to these values throughout the hierarchy of Engro. Since 2004, Engro has won awards by the National Forum for Environment and Health on an annual basis.

Engro has been a participant of the Global Compact since June 2006 and thus committed itself under Principle 1 to support and respect the protection of internationally proclaimed human rights. The rights to health and the

enjoyment of just and favorable conditions of work are part of these rights as they are recognized in a number of international human rights treaties. The right to work explicitly includes, among other things, the right to safe and healthy working conditions, and so Engro's efforts to improve the health and safety standards at their plant are fully in line with a commitment to support and respect internationally proclaimed human rights.

Safety, Health, and Environment

ENGRO manages and utilizes resources and operations in such a way that the safety and health of their people, neighbors, customers and visitors is ensured. They believe their safety, health and environmental responsibilities extend beyond protection and enhancement of their own facilities, and they are concerned about the distribution, use and after use disposal of their products.

Ethics and Integrity

They do care how results are achieved and will demonstrate honest and ethical behavior in all their activities. Choosing the course of highest integrity is their intent and they will establish and maintain the highest professional and personal standards. A well-founded reputation for scrupulous dealing is itself a priceless asset.

Quality and Continuous Improvement

They believe that quality and a relentless commitment to continuous improvement are essential to their ongoing success. To this end, they define quality as understanding the customer's expectations, agreeing on performance and value, and providing products and services that meet expectations 100 percent of the time. Their motto is, "*Quality in all we do.*"

External and Community Involvement

They believe that society must have industrial organizations that it can trust. Trust and Confidence are earned by their performance, by open and direct communication, and by active involvement in the communities in which they live and conduct their business.

Candid and Open Communications

They value communications that are courteous, candid and open and that enable each of them to do their jobs more effectively by providing information that contributes to the quality of their judgment and decision making. Effective communication should also provide the means for gaining understanding

of the company's overall objectives and plans and of thinking behind them.

Engro Safety Standards

In an endeavor to keep abreast with the World-Class Safety Standards, Engro adopted DuPont's Safety Management Systems under an agreement, with the world-renowned DuPont Safety Resources, in 2003. Engro's Safety Management system is now two pronged, Process Safety & Risk Management (PSRM) and Behavioral (Personnel) Safety Management (PSM). PSRM provides a framework to manage a hazardous fertilizers process plant by managing the risk. The system has fourteen best practices categorized in three-part: technology; facilities; and personnel. Similarly Personnel (Behavioral) Safety Management system has fourteen best practices which demand more active involvement of different levels of organization in day-to-day safety improvement. DuPont Safety Resources Consultant did an evaluation in September 2006 which substantiates Engro's effort in meeting all the system requirements. PSRM is now fully implemented and is providing a framework to manage the plant operations with minimum risk. Similarly Personnel (Behavioral) Safety Management Systems' fourteen best practices were also evaluated by DuPont Safety Resources Consultants with the recommendation that the improvement in this system is also appreciable.

Engro Environmental Standards

Engro believes environmental performance is critical to upholding responsible business operations, and has worked hard at monitoring, controlling and reducing wastes while conforming to relevant environmental standards. Broadly, Engro has displayed consistent progress in all its key environmental performance indicators, namely, effluents, greenhouse emitting gases, ozone-depleting gases, hazardous and non-hazardous wastes, and natural resource management with respect to waste reduction, energy conservation, and compliance. 100% compliance of National Environmental Quality Standards (NEQS) was achieved for effluents & emissions and transparent reporting to governmental bodies continued during 2007.

A major breakthrough was environmentally friendly disposal of hazardous waste that was

achieved by recycling / reusing the entire on-site inventory of spent catalysts & resins and mercury lights for metal extraction and manufacturing of salts / micro nutrients. Similarly, environmentally friendly disposal of chromate sludge was started. After discontinuation of Ozone depleting Chlorofluorocarbons (CFC's), replacement of Hydro CFC's is underway in a phased manner (normal replacement cycle of air conditioners). Engro has also won consecutively four National Forums of Environment & Health annual environment excellence awards. The company has gone one step forward towards carbon trading (Clean Development Mechanism) by signing a contract with consultants on Project Development Document (PDD) for development of possible Clean Development Mechanism projects.

Major Social Interventions by Engro Affiliates in 2008-2009

ECPL affiliates spent Rs. 32 million on social investments in 2008 alone. The major thrust of Engro's social investments has been in five areas: education, health, skill development, environment, and emergency relief efforts, as detailed below:

- Education Initiatives
- Health Initiatives
- Skills Initiatives

Social Investments

As part of its enduring commitment to improve the quality of life for its stakeholders, especially neighboring communities, ECPL contributed over Rs. 40 million under its social investments portfolio in 2008. This section describes Engro's major initiatives in 2008.

- Sahara Welfare Society Projects
- Sahara Community School
- Dar ul Shifa Clinic
- Sahara Arts & Crafts Center
- Teaching and Resource Center (TARC)
- Katcha Schools' Program
- Government Schools' Adoption Program
- Snakebite Treatment Facility
- Indus River Dolphin Conservation Project
- Clinic in partnership with Marie Stopes Society
- Engro Thalassaemia Center
- Earthquake Relief in Balochistan

- Eye Camp in Sahiwal
- Malaria Control Program
- Polio Immunization Campaign
- Kidney Dialysis Centers

With respect to CSR phenomena and relating activities, Engro Chemicals Pakistan Limited (Engro) is playing a vital role in health and safety, environment community involvement and corporate socialization. We can put these in i.e. environment, employee, community involvement and others categories identified by Hackston and Milne (1996). Almost several initiatives practically CSR are much quantitative in nature but all these play tremendous role in development of community.

Case Study 2 -- FAUJI FERTILIZER COMPANY LIMITED

Background

With a vision to acquire self-sufficiency in fertilizer production in the country, FFC was incorporated in 1978 as a private limited company. This was a joint venture between Fauji Foundation (a leading charitable trust in Pakistan) and Haldor Topsoe A/S of Denmark. The initial authorized capital of the company was 813.9 Million Rupees. The present share capital of the company stands at Rs. 3.0 Billion. Additionally, FFC has Rs. 1.0 Billion stakes in the subsidiary Fauji Fertilizer Bin Qasim Limited (formerly FFC-Jordan Fertilizer Company Limited). FFC commenced commercial production of urea in 1982 with annual capacity of 570,000 metric tons.

- Through De-Bottle Necking (DBN) program, the production capacity of the existing plant increased to 695,000 metric tons per year.
- Production capacity was enhanced by establishing a second plant in 1993 with annual capacity of 635,000 metric tons of urea.
- FFC participated as a major shareholder in a new DAP/Urea manufacturing complex with participation of major international/national institutions. The new company Fauji Fertilizer Bin Qasim Limited (formerly FFC-Jordan Fertilizer Company Limited)

commenced commercial production with effect from January 01, 2000. The facility is designed to produce 551,000 metric tons of urea and 445,500 metric tons of DAP.

- This excellent performance was due to hard work and dedication of all employees and the progressive approach and support from the top management.
- In the year 2002, FFC acquired Pak Saudi Fertilizers Limited (PSFL) Urea Plant situated at Mirpur Mathelo, District Ghotki from National Fertilizer Corporation (NFC) through privatization process of the Government of Pakistan. This acquisition at Rs. 8,151 million represents one of the largest industrial sector transactions in Pakistan.

Human Resources

The FFC Management, acknowledging the importance of human resources has always placed personnel management at the top of its priority list. The Human Resources Department, therefore, right from the inception of the Company has played a vital role in steering the Company through all its phases, operations and progress. The functions of Human Resources Department vis-a-vis personnel management and human resources development are going side by side and it is due to the progressive approach and dynamic philosophy of the management that Personnel Management remains abreast with the latest style of management ensuring high level of motivation and satisfaction of the work force under varied situations.

Personnel policies are kept updated and are periodically modified to respond to the latest socio-economic changes and market trends of the country. Hiring quality manpower, keeping them happy, satisfied and motivated are the pillars of the Human Resources Department; justice, fair play and merit oriented treatment are some of the ingredients of processing cases by the Human Resources Department. For Human Resource development, another aspect which receives its due share is training. The employees are exposed to various kinds of cross training, technical courses, management courses, workshops and seminars both at home and abroad. At Plant site, the Company has a

Technical Training Centre, which is unique, and the only centre in Asia having a true replica of the Plant for providing realistic training as far as possible, to the employees.

Employees' welfare has all along received due consideration by the Management. A number of agreements have been signed with CBA Workers Union, resulting in handsome remuneration packages to employees. The company, since its inception, has undertaken five salary revisions for Management employees, to remain amongst the top paying organizations of the country. It is due to the sheer sincerity, welfare oriented policies and concern for every single employee that there has never been any strike, lock out or go slow in FFC.

Technical and Training Services

The technology division of the Company organized 2nd FFC International Seminar for the Fertilizer industry on Ammonia and Urea Technology cosponsored by Haldor Topsoe A/S, Denmark and Snamprogetti, Italy to promote Company image and demonstrate its commitment toward contribution to the society and the economy at large. Technical Training Center continued to extend customized training services to other companies including OMV Pakistan Ltd and Bosicor Pak Ltd. Two new courses on "Networking Concepts and Use" were also introduced and conducted for the first time for clients. In addition, services to other companies including Pak Arab Fertilizers were provided as part of their professional commitment.

Employee Relationship, Training and Welfare

The values which drive their business are based on an environment that embraces dignity, change, ideas, respect for the individual, and equal opportunity to succeed. Their commitment to their values and ethics has enabled them to attract and retain talent. Human capital plays a vital role in making or breaking the organization. Their employees possess skills, technical expertise, business knowledge and personality traits which have immensely strengthened their knowledge base. Human capital management is the job of every individual in the Company and they have a structured culture to ensure an environment of compatibility and team spirit. Their policies

focus on optimizing the lifetime value of their human asset by acquiring, developing, motivating, rewarding and more importantly, retaining the employee and they are committed to nurturing their welfare, health and safety, fostering a sense of belonging in each employee.

The Company pursues a policy of adequately trained, skilled and updated staff and conducts various in-house seminars/training courses at its Plantsites and Marketing Division in addition to nominating management employees on merit, for several local and international courses to enhance professional competence, awareness and perspectives. This helps employees and managers at operational sites to assume more control over new developments and challenging issues. The effectiveness of training, education and communication programs is reviewed regularly. Adherence to the spirit and intent of the Companies Code of Ethics and Conduct is a pre-condition of continued employment and growth in the Company. The code has been translated into Urdu to ensure understanding at all levels of employment. Developmental work of Mirpur Mathelo township is in progress including construction of new BOQ's, C-type bungalows and renovation of various types of old residential facilities.

Safety, Health and Environment

They work efficiently, without compromising the health and safety of their employees for production or profit, in a manner that protects and promotes their well-being and maintains a safe workplace and environment. Their employees are trained for their own safety, well being of their fellow workers and their environment and they endorse the Company's Health, Safety and Environment Policies and procedures to be followed. The policies are prominently displayed at all of their offices, plants and work sites and employees are required to promptly report any safety concerns, violations or incidents.

The Company has developed green strips and grassy plots at the Mirpur Mathelo plant site and township to provide pollution free lush green surroundings despite arid and hostile climatic conditions and saline soil. Engineering of major environmental projects is underway at Mirpur Mathelo for commissioning in year 2007 related to ammonia process condensate recovery, rain water handling system, lime

sludge disposal facilities and township waste water disposal system. In addition, Plantsite Goth Machhi attained qualification for the latest revision of Environmental Management System ISO- 14001:2004 certification, which exhibits their concerns for the environment.

Promotion of safety culture is carried out through training sessions on safe equipment handling & emergency plan/dry run. Plantsite Mirpur Mathelo observed a safety week which included 'Spot the hazard' competition, fire fighting competition and exhibition of safety items. Plantsite Goth Machhi successfully accomplished surveillance audit of their Quality and Occupational Health & Safety Management Systems certifications [ISO-9001: 2000 & OHSAS-18001:1999] by Bureau Veritas Certifications (BVC) during the year. The plant also conducts regular safety audits based on DuPont approach and OSHA standards and the Company has secured various security awards over the years. Goth Machhi Complex accumulated 5.44 million man-hours of safe operations while the Mirpur Mathelo complex has operated for 2 million man-hours of continuous safe operations till the end of 2006.

Regarding CSR and corporate environmental practices, Fauji Fertilizer Company's behavior is quite serious. They really have deep community involvement and specially their Corporate governance polices and procedure, including corporate social responsibility, provide a strong support to stay deeply involved in community in which they are operating.

Case Study 3 -- DAWOOD HERCULES CHEMICALS LIMITED

Background

Dawood Hercules Chemicals Limited was incorporated as a public limited company on 17th April 1968, as a joint venture between Dawood Group of Industries and Hercules Inc. USA. It was the first private sector venture in Pakistan to receive a loan from the World Bank and was the largest ammonia/urea plant in country at that time. Initially the plant's capacity was 345,000 metric tons of urea per annum. The plant was revamped in 1989 / 1991 to enhance the capacity to 445,500 metric tons of urea per annum. Also, it made the manufacturing facilities more energy efficient

and environment friendly. In recent years, Dawood Hercules has made a colossal investment to incorporate the latest technology, the most significant are the construction of new Prilling tower in a record time; the tallest industrial structure in Pakistan, replacement of Primary Waste Heat Exchanger. Primary Reformer Harps Assemblies and conventional instrumentation (with Distributed Control System).

Human Resource

Dawood Hercules provides high performing organizational environment to its employees where ideas are generated and nurtured. It provides career grooming opportunities to the talented professionals. Dawood Hercules has generated employment for more than 510 people and gives support to the local industry, especially transport and the packaging industry. In addition to the direct employment, the Company through its marketing network provides job opportunities to over 2500 people, indirectly.

Environment

Dawood Hercules has always defined progress in human terms: it's not just about producing more, but producing in a way that limit the environmental impact. They have a long tradition of taking care of environmental issues. Environmental care is one of their core values and guiding principles. Dawood Hercules has implemented a system which fosters continuous improvement in safety, health and environmental performance, engagement with stakeholders, working with the authorities and enhancing better product management along the supply chain.

Health

Dawood Hercules takes pride in encouraging, measuring and appreciating its people on their community activities and actively supporting participation in the community activities, such as sports events, farewell to the senior colleagues and contributing to disaster relief efforts. Apart from work, employees at all level interact frequently in office gymnasium, during various sports events, recreational tours etc.

Social Responsibility

Dawood Hercules CSR is closely linked with the principles of Sustainable Development in proposing that Company is obliged to make decisions based not only on the financial / economic factors but also on the social and environmental consequences of its activities. Their challenge is to proactively work towards

benefiting their country and its people. For us, community service is a responsibility of every member of their organization. The Company as a whole is geared to provide support in four main areas:

- Health
- Education
- Environment
- Preserving their heritage

For them, the biggest asset is their culture in which they have inculcated a sense of virtue into their daily lives and they are proud of preserving it. Their efforts include the establishment of schools, blood donation camps, relief works, environment conservation campaigns, earthquake rehabilitation efforts etc.

CSR Projects

- Blood Drive 2007
- Dawood Hercules Free Eye Camp
- The DH Plant Drive 2006
- TCF School -Dawood Hercules Campus
- Blood Donation Camp 2006
- Roshani Foundation
- Flood Relief

Dawood Hercules Chemicals Limited has a positive vision about CSR. They don't think that corporate social responsibility is a social activity in these days. They include CSR in core business procedures and policies that would help them to make long term sustainable image in society, customers, investors, and other stakeholders. Table 1 summarizes the in-place and pending for future corporate social disclosures of the selected companies for analysis in order to make it easy the comparative efforts of CSR initiatives.

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CONCLUSION & RECOMMENDATIONS

The present study sheds some light on the corporate environmental practices of three leading companies of Pakistan in fertilizers industry. After the analysis of these cases discussed, it can be concluded that the behavior of firm is heavily dependent on the social work and community involvement in the society in which it is operating. Although the traditional finance theory argues that profit

maximization is main objective of the managers; however, business norms have been changed now. The organizations are participating in the welfare of the society and its employees by incurring heavy expenditures for the sustainable and long term development just like the companies discussed in this case. These organizations are trying to build trust and confidence of the society in the business operations and procedures. Despite of the fact that, there is no strict law and regulation regarding these CSR initiatives of the company, they are making it possible on the volunteer basis. The other facet of these initiatives may be seen as stakeholders of the industry are getting more aware and conscious of business processes that are having impact on the environment and society. According to these cases discussed above, it is clear that all three companies although dealing in products which is not environment friendly like fertilizers, however; they are doing a lot for the welfare of the country like building hospitals and also people are getting aware of diseases. All the companies are also developing and implementing their own environment and safety polices for the employees.

Finally, the study discussion regarding the corporate social responsibility and initiatives taken by these firms suggest some implications for the other firms in Pakistani market. Corporate social responsibility is not a social activity these days rather it has become as one of the core business procedures and policies. The firms following these practices are very successful; not only in terms of financial matters, but also sustaining their long term positive image in the minds of customers, investors and other societal members. The choice is in the hands of the management of business concerns whether they are incurring some expenditures and getting 'green' today or ready to facade pressure and consequences from the stakeholders tomorrow. Companies are now trying to get a positive image regardless of what products or services they are providing to the customers.

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Table 1: Summary of Corporate Social Disclosures of Selected Companies

CSD Variables	Case 1: Engro		Case 2: FFCL		Case 3: Dawood Hercules	
	In Place	Pending	In Place	Pending	In Place	Pending
Environmental	X		X		X	
Energy		X	X			X
Employees	X		X		X	
Product		X		X		X
Community	X			X	X	
Others	X			X		X