

Corporate Social Responsibility

With Particular Reference To Sudan

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Summary Thesis of Corporate Social Responsibility with Particular Reference to Sudan

a. The Aim

The aim of the thesis is to explore the concept of Corporate Social Responsibility (CSR) and to encourage organizations to consider the interest of society by taking responsibility for the impact of the organization's activities on customers, employees, shareholders, communities and the environment. The research used an analytical and comparative approach to examine how Sudan adopts CSR with regards to international codes and standards. The research concluded that CSR role should be extended to cover other activities that could be achieved through relevant legislation and laws beside its voluntary social activity. Companies should incorporate CSR concept into their policies and direct their attention to society and environmental issues as well as sustainable development. The research recommends that Sudanese companies should fully observe CSR concept in their activities and programs, appreciate its value; revise relevant legislation and impose imposition of more stringent penalties on violations. The State should encourage companies to perform CSR by providing incentives; enacting legislation to ensure the respect of CSR principles (ethical behavior, transparency, respect for the rule of law and international norms and respect for human rights). Companies should report on their CSR activities for the sake of transparency and to build a positive reputation among customers.

b. Conclusion:

The term Corporate Social Responsibility (CSR) may appear to be relatively new to the corporate world; the literature reveals that the development of the concept itself has taken place over several decades. The fact that the term itself has changed over this time also suggests that the meaning attributed to concepts such as CSR will continue to evolve in harmony with business, political and social developments.

CSR is a concept which encourages organizations to consider the interest of society by taking responsibility for the impact of the organization's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. Here, organizations are seen as voluntarily taking further steps to

improve the quality of life for employees and their families as well as for the local community and society at large.

The concept of CSR was not clearly known in the first half of the 20th century. Companies are trying to maximize their profits by various means, but with the constant criticism of the idea of maximizing profits there have been signs that companies are calling for a greater role towards the environment in which they operate.

The concept of CSR is basically about the contribution by businesses to improve the living conditions of the community through several means including, First; the production of high quality low-cost goods and services, Second; providing job opportunities that enable them to earn the necessary income to meet their needs;

Third: protecting the environment in light of sustained development that ensures future generations benefit from the available resources and Fourth: responding to the problems of the society.

The concept of corporate social responsibility throughout the world has now become popular as corporations are required to incorporate this concept into their policies in order to direct their attention to society and environmental issues and to sustainable development.

There are internal gains that companies benefit from CSR through their interest in social responsibility programs. These are improving corporate reputation, attracting human talent beside other reasons.

There are also external benefits to the company in trying to mitigate the damage caused by opening up of the economy relating to environmental disasters, moral scandals that cause serious human and environmental damage as well as other cases.

The problems of the environment resulting from the economic activity of large companies have received more attention from researchers and have focused on the negative effects of the pollution caused by these companies in various forms (air pollution, water, soil, pollution on human health, etc.) , and called on the duty of these companies to shoulder their responsibilities for the damage caused to the environment .

Corporate Social Responsibility is based on the commitment of the corporation to work towards economic and social development, especially as it often causes significant damage to the environment which acquires the power of a national or international legal obligation.

CSR is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through business activities and social investment.

While the duty of companies in this regard is moral and voluntary and not legally binding, it also requires companies to comply with global commitments of the United Nations Global Compact of Social Responsibility and to respect corporate laws and strategies and the global standards of measurement.

The UN Global Compact required effecting change beginning with the organization's leadership. Participating in the UN Global Compact requires a commitment from the company's chief executive (or equivalent, for non-business entities) – with support from the Board.

This commits the organization to meet fundamental responsibilities in four areas: human rights, labor, environment and anti-corruption. All four areas are important; responsible businesses know that good practices in one area do not offset harm in another.

To support the work of the UN Global Compact Office the company makes an annual financial commitment; this will enable UN Global Compact Office to continue providing ongoing support.

The company shall execute policies and practices which shall result in respecting human rights enshrined in the Universal Declaration of Human Rights.

Adopting CSR as a voluntary initiative by companies means that the legal adaptation of corporate social responsibility will be based on an ethical and not legal duty.

However, there are some aspects and forms of social responsibility that are binding legal obligations such as paying and lifting damages caused by companies to consumers or the environment and the implementation of laws, regulations, instructions, standards, and specifications related to the work of companies.

Each company is supposed to have rules of self-conduct that make it a priority to ensure compliance with the laws and ethical standards of the society to which it belongs and to comply with its values and standards.

The World Business Council for Sustainable Development has made it imperative that companies take into account three very important aspects: economic growth, social progress and environmental protection.

In Sudanese society, the concept of corporate social responsibility has not yet crystallized within the community system. It is necessary to enact a law on the concept of corporate social responsibility; the law should include incentives and tax

exemptions to encourage companies to establish values in society, while imposing financial penalties on violating companies.

If the company is committed to social responsibility and implemented it in a manner satisfactory to all parties, it shall derive several benefits, the most important being to improve the mental image of the company before the public and thus gain confidence and create positive behavior towards the company and its products, increase sales and sincerity of customers and increase productivity and quality. Social responsibility is the best case for investors through the long-term value of the shares enhanced by the confidence of the business community.

Corporation has four types of responsibilities. <http://www.cbe.wvu.edu/dunn/rprnts.pyramidofcsr.pdf> The first and most obvious is the economic responsibility to be profitable. The second is the legal responsibility to obey the laws set forth by society.

The third, which is closely linked to the second, is the ethical responsibility; to do what is right even when business is not compelled to do so by law. The fourth is the philanthropic responsibility. Also called the discretionary responsibility, it is best described by the resources contributed by corporations toward social, educational, recreational and/or cultural purposes.

All directors and employees of the company are required to conduct their business activities based on the company's Code of Ethical Conduct. Which provides that both the executives and employees are required to share and give priority to the five values (fairness, transparency, integrity, safety and compatibility) to ensure the company is able to maintain and enhance its good reputation to deepen the trust of society.

Also, in order to ensure compliance with the Code, each company and department should have established their own compliance guidelines based on the Code "Code of Ethical Conduct".

The seven legal principles: (integrated, sustainable decision making; stakeholders engagement; transparency; consistent best practices; precautionary principle; accountability and community investment) provide the many multilateral initiatives and private regulatory frameworks, as well as legislative and regulatory interventions and propositions that have been created in the name of CSR.

Enterprises shall comply with and understand all applicable, local, international, written, declared, and effected laws and regulations, in accordance with fixed,

specific procedures, and the company shall adhere to international and governmental agreements, executive regulations, declarations covenants, decisions, and guidelines, when setting its policies and practices pertinent to social responsibility.

There is no special law in Sudan on corporate social responsibility, even in the Companies Act 2015. According to official sources, the adoption of such law is not on the agenda right now.

However, some aspects of CSR-related issues are regulated by various documents, including but not limited to the following: (a) Standards and specifications and consumer protection laws, these are laws dealing with quality control of goods and services to ensure the protection of consumers; (b) Environment protection laws. These environment protection and conservation laws are part of such moral commitment. Nevertheless, the matter is not left to business to decide but is bound by government laws to ensure that the community lives in a healthy environment: (c) Laws on combating corruption to ensure that economic activities performed by businesses are governed by laws and regulations for the public interest.

Businesses are morally committed to abide by these laws that prevent them from resorting to twisted practices to serve their own interest at the expense of the public interest. The moral commitment is not enough to ensure these objectives but there is a pressing need for a legal and institutional framework that coordinates and improves efforts to consolidate CSR practices.

Consolidating the concept of CSR is not only as a voluntary effort but one that entails other aspects enforced by laws and regulations that prevent such practices.

CSR is more than being a voluntary social activity undertaken by businesses. It extends to cover other activities that could be achieved through relevant legislation and laws.

By incorporating the Global Compact principles into strategies, policies and procedures and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people, but also setting the stage for long-term success.

The role of some Sudanese companies toward local communities has been highlighted. These include DAL Group, Kenana Sugar Company (KSC), Zain Company. These enterprises have played an active role in the establishment of Sudan's local Global Compact, and they continue to act as key economic players and responsible corporate citizens.

c. Recommendations:

1. Companies should continue carrying on and improving their social responsibility activities based on the needs of the society.
2. Social responsibility activities should be strategically planned since they require strong commitment and sufficient resources.
3. Companies in Sudan must be fully aware of the social responsibility concept, its activities and programs and appreciate its value.
4. Organizations are advised to carry out social responsibility since it can act as an effective tool to maintain a competitive edge over competitors whereby an organization becomes distinguished from others. Not only that, it also can maintain good organizational relations, goodwill and status within the society.
5. Revision of relevant Sudanese CSR legislation and laws and the imposition of more stringent penalties for violations.
6. Implementing the recommendation of CSR conferences on the need for establishing a higher CSR Council as a legal and institutional framework that encourages and promotes CSR activities and coordinates the efforts of relevant bodies.
7. The State should facilitate the performance of companies for social responsibility actions by providing incentives to companies that excel in implementing social responsibility.
8. Enact legislation to ensure the availability of the principles of social responsibility (ethical behavior, transparency, respect for the rule of law and international norms of behavior and respect for human rights).
9. Companies need to report on their activities on corporate responsibility issues both for the sake of transparency and in order to build a positive reputation among customers. This will encourage companies to improve their social accountability and social responsibility standards.
10. An effective partnership should be forged between the legislature and civil society and its institutions should take into account the establishment of common rules of conduct and practices to protect the rights of future generations and contribute to the promotion of human and social values.
11. No doubt, the activities and responsibilities of the proposed CSR Higher Council should focus on the organizational and coordination matters as well as CSR activities. Therefore, there has to be legislation that enables this council to fulfill its mission.

12. Review laws related to corporate social responsibility to comply with international developments and observe local and global standards.
13. Revisiting the Companies Act 2015 is needed for promoting and reinforcing a sense of social responsibility, stimulating and encouraging private and public companies to play their role in local development and obliging investors under the Investment Act 2013 to contribute to local development and job creation. Consideration of the international conventions relevant to corporate social responsibility is important and the country should be encouraged to join these.
14. Enact corporate self-regulation and codes of conduct. The system adopted by companies should improve their image and make these codes legally binding as de facto minimum standards.
15. Set up a CSR fund that focuses on encouraging and motivating people to engage in voluntary activities. The fund collects donations to secure the required finances for development and social welfare projects undertaken by the Ministry of Social Affairs. The fund also should enter into partnerships with charitable and cooperative societies to provide temporary or regular flowing cash and material services for those benefiting from social assistance.
16. Uphold the principles of corporate social responsibility and provide the infrastructure necessary for the performance of corporate social responsibility. Make available the required information and studies in light of the actual needs of the community, sustainable development and the welfare of society.
17. Disseminate the culture and principles of social responsibility and related fields.
18. By performing social responsibility, the organization would face losses in the long run and in return for giving huge financial and physical resources, effort, and time, it will receive appreciation, recognition and societal loyalty and support.
19. Ensure the transparency of all extractive activities.
20. Establish an observatory body to monitor the evolution of risks to the environment [government, employers, civil society].
21. Build stronger cooperation between the government, private sector and NGO's and ensure commitment to improved environmental performance (Government, private sector and civil society).