

**NATIONAL UNIVERSITY OF SCIENCE &  
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**FINAL THESIS REPORT:**

**“STRATEGIC ALLIGNMENT OF CSR  
IN COMMUNITY RELATIONS FOR  
SUSTAINABLE OIL & GAS  
EXPLORATION IN PAKISTAN”**

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## **Abstract:**

Pakistan faces acute shortage of energy despite the fact the land beneath is full of natural resources. Exploration and Production of these untapped natural resources is the biggest challenge and equitable attraction for business concerns. Factors like terrorism and feudalism has always been considerable obstacles for local and Multi-National Corporations (MNCs) to unearth these fossil fuels. Provinces of Sindh and Baluchistan are rich in Oil, Gas and other minerals however the security situation and the social structure of these far flung, remote and under developed areas pose a tough ask for MNCs to operate in these areas. Focusing on the problem of feudalism in these areas, Corporate Social Responsibility (CSR) can prove a very effective tool in countering feudalism and achieving sustainable operations in these areas.

Though CSR is relatively a new term in practice particularly in our part of the world where industrialization is yet to set its pace, but the strategic goal of sustainable operations in oil and gas sector depends a lot on the effective CSR initiatives. Problems like poor infrastructure, law and order, writ of government, literacy rate and highly deprived / underprivileged local communities further aggravates the importance of effective CSR. These CSR initiatives are accounted for and play a vital role in getting a “Ranking” in different global rating indexes. Shareholders of Multinational Oil and Gas Exploration Companies across developed nations have particular interest in effective utilization of their money through CSR and the socially responsible behavior of their corporations. Existing CSR practices by Oil and Gas Company’s in Pakistan needs strategic alignment in order to achieve sustainable Exploration and Production business in Oil and Gas Sector.

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# CHAPTER # 1

## INTRODUCTION / ENERGY AND PAKISTAN / ENERGY IS CRITICAL.

**1.0** Energy Is Critical. A developing country like Pakistan is facing acute energy deficiency, depreciating Pakistani Rupee value further aggravates the trade deficit as energy resources like crude oil and lubricants are imported to meet the growing national demand. Oil and gas being the two major energy contributors around the globe is no exception in Pakistan.

**1.01** Pakistan faces acute shortage of energy resulting in retarded industrial growth. Though the country has potential of variety of energy sources like hydro, coal, nuclear and alternative energy sources like solar, wind and bio however till to date Pakistan heavily relies on fossil fuels. In Year 2013 oil and gas contributed about 74 % of total energy consumption in Pakistan (Pakistan Energy Year Book 2013), Appendix-A.

**1.02** Pakistan's economy is struggling because of high inflation rate, underemployment and expensive energy sources. Despite the fact that country holds unexplored natural reserves of oil and lubricants most of the petroleum products are imported at the cost of considerable dent to national kitty. Oil and Gas reserves in Pakistan are untapped embedding the huge potential to support the basic need of energy for a weak economy. If the energy resources of the country are optimally explored and utilized Pakistan with approximately 60 % of its population aged 15 to 64 years can undoubtedly enter in the group of BRIC countries.

## **2.0 IMPEDIMENTS IN EXPLORATION AND PRODUCTION (E & P)**

Major players in the E & P of oil and gas in Pakistan are Oil and Gas Development Company Limited and Pakistan Petroleum Limited. Other foreign companies operating in the country include United Energy, BHP, ENI and OMV. Unfortunately the areas rich in oil and gas reserves fall in the Sindh and Baluchistan provinces of Pakistan where law and order (security) situation is not ideal for exploration and production especially for foreign especially European company

**2.1** Terrorism is the biggest challenge for the E & P of Oil and Gas in Pakistan as the country ranks amongst top few beside other terror struck countries like Afghanistan and Iraq. A Multifaceted terrorism spreads across Pakistan from politically fueled gang wars in Sindh, separatist movement in Baluchistan to the extremist religious outfit's war against state in Khyber PakhtoonKhwah province. All these forms of terrorism present Pakistan as the least choice for foreign direct investment. Besides insecure environment and life threatening risks deterring technically qualified staff, the operating costs increases substantially in order to make appropriate security arrangements to counter these potent risks.

**2.2** Social structure and feudalism is next big challenge for the E & P companies to operate in Pakistan. The writ of government through its Law Enforcement Agencies, Judiciary and other regulating bodies loses its strength when it reaches to the one of the most remote, poor and underdeveloped area around the globe. Western companies especially European have limited choice left to them for smooth operations in the interior Sindh and Baluchistan provinces the only choice left for the foreign company is to walk its path on the crutches of feudal or local land lords.

### **3.0 STAKE HOLDER MANAGEMENT.**

Stake holders can be a person, a group of persons, business, organization, environment or even employees of the organization itself which has some effect on the organization or the operation of organization have some effect on it. However the two broader categories are internal stakeholders and external stakeholders.

- External Stakeholders
  - Customers
  - Local Communities
  - Suppliers and Distributors
  - Governments
  - Regulators
  - Policy Makers / Related NGOs
  - NGOs / Social Groups
  - Media
  - General Public
  - Competitors
- Internal Stakeholders
  - Shareholders
  - Employees
  - Management
  - Business Partners
  - Financiers

**3.1 MANAGING A STAKEHOLDER.** Stakeholder management is the process of efficiently managing the expectation of anyone of the above stated stakeholders in the best interest of the organization. It is more of striking the balance in relationship with the stakeholders of a particular organization. In other words its managing the expectations of the stakeholders. Stake holders can be categorized in different groups and subgroups depending on their importance and influence.

### 3.1.1 Stakeholders Matrix.

		Importance of Stakeholder			
		Unknown	Little / No importance	Some importance	Significant importance
Influence of Stakeholder	Significant influence	C		A	
	Somewhat influential				
	Little / No influence	D		B	
	Unknown				

3.1.2 **Box-A.** These are stakeholders appearing to have a high degree of influence on the any project, who are also of high importance for its success. This implies that the implementing organization will need to construct good working relationships with these stakeholders, to ensure an effective coalition of support for the project.

3.1.3 **Box-B.** These are stakeholders of high importance to the success of the project, but with low influence. This implies that they will require special initiatives if their interests are to be protected.

3.1.4 **Box-C.** These are stakeholders with high influence, who can therefore affect the project outcomes, but whose interests are not necessarily aligned with the overall goals of the project.

3.1.5 **Box-D.** The stakeholders in this box, with low influence on, or importance to the project objectives, may require limited monitoring or evaluation, but are of low priority.

## 3.2 COMMONLY FACED LOCAL COMMUNITY ISSUES

3.2.1 Obstruction in operations of E&P activities by stoppage of work on the stake of egocentric demands of local communities

3.2.2 Unjustified and forged demands for compensation of lands, buildings, relocation and crops

3.2.3 Continual demands for excessive employment by locals and even demands for ghost jobs

3.2.4 Distracted demands for social development projects

3.2.5 Delay in payments of compensation due to unavailability of updated records of lands and inheritance of legitimate stakeholders with the government

- departments. Sometimes payments are also delayed due lengthy process compensation and slow progress by the government departments
- 3.2.6 Show of influence to E&P companies by different local community groups on political and tribal stakes in order to get their self-centered interests
  - 3.2.7 Strikes and sit-ins by the locals against the E&P companies in order to get their egocentric benefits
  - 3.2.8 Obstruction in mobilization and demobilization of rigs movements by locals for their forged demands
  - 3.2.9 Kidnapping or robbing of company's and / or its contractor's staff for ransom purposes
  - 3.2.10 Obstructions for the Company's contractors to perform their jobs by local community in order to get their self-interested economic benefits
  - 3.2.11 Damages and theft of company's assets by the local community

### **3.3 REASONS FOR GROWING COMMUNITY ISSUES**

- 3.3.1 There is a higher exposure of E&P companies to a wide range of different cultural and social issues when they operate in developing countries, particularly in areas adjacent to local communities with little or no infrastructure, with low levels of education and health, and with either a negative perception of or little exposure to E&P projects.
- 3.3.2 Lack of law & order enforcement in the country especially in case where political and tribal leaders have influence over law & order agencies.
- 3.3.3 Inadequate or absence of updated records of land and inheritances with the government departments. This causes problems to E&P companies for timely payment of compensation to the legitimate landowners.
- 3.3.4 E&P companies mostly do not revise the compensation rates with the passage of time according to the inflation rates prevailing in the country. This also cause conflict issues where local community demands for higher rates of compensations.
- 3.3.5 While undertaking development of project, E&P companies face the problems including the increasing social awareness, a greater number of stakeholders involved in all phases of the development process and their demands.
- 3.3.6 Lack of information to local community about the social, environmental and economic impact of the E&P projects in the area of operations. This caused confrontation issues with the local community.
- 3.3.7 Sometimes, local community forced E&P companies to hire staff for community relations and social development within the local community by compromising on required skills and qualifications. This also causes problems to the E&P companies for management of community related issues by inept staff.
- 3.3.8 Increasing social awareness of local communities about the E&P industry and its social and environmental impacts. International law is increasingly



being recognized as a useful tool to control or manage the issues related to the impact caused by the development of natural resources. In this case, E&P companies are required to abide the prevailing laws in development the natural resources. On the other hand, the local community looks into the opportunities to intimidate the E&P companies for their self-centered interests while misinterpretation of laws.

- 3.3.9 Unnecessary interference to the E&P companies' social development programs by local community for their inconsiderate demands.
- 3.3.10 Environmental assessment for E&P development projects as required by national and international laws. E&P companies will have to follow these laws to ensure social and environmental stability in the area. On the other hand, local communities use this obligation of E&P companies as tool to achieve their self-centered interests which ultimately causes conflicting issues with the local community.
- 3.3.11 E&P companies usually adopt reactive approach for management of community related issues instead of proactive approach. This also causes conflicting issues with the community.
- 3.3.12 With the impact of globalization and trade; shareholder and other stakeholders' demand for greater openness and public accountability. This has caused an increased attention paid to corporate behavior which has contributed to make social issues a major concern for the E&P industry.

## **CHAPTER # 2**

### **CORPORATE SOCIAL RESOPNSIBILITY**

#### **4.0 CSR AND STAKEHOLDER MANAGEMENT**

Corporate Social Responsibility (a strategy and a department) a relatively new term in business world specially for this part of globe is responsible for managing the selected external stake holders which normally includes following:-

- Local Communities
- Labor and unskilled staff
- NGOs and social pressure groups
- Media of all kind
- Labor Unions and Collective Bargain Agents (CBAs)
- Local District Administration and related departments.

## 4.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

### Three Discernible Schools of Thought (explained by Don Dunstan Foundation in Corporate Social Responsibility: Key Issues and Debates)

#### 4.1.1 NEOLIBERAL WRITERS

This group shares the views articulated by Milton Friedman in the New York Times on September 13, 1970: “.....there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of game, which is to say, engages in open and free competition without deception or fraud”. According to this school of thought CSR is not a matter of responsibility but is a trade off in present for return in future; CSR can be seen as an important insurance strategy to minimize risks from negative government intervention, adverse media coverage and consumer or stockholders backlash to corporate behavior.

#### 4.1.2 NEO-KEYNESIAN

This school of thought utilizes a wider definition, the Certified General Accountant’s Association of Canada explains CSR “as the company’s commitment to operating in an economically, socially and environmentally sustainable manner recognizing the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large”.

#### 4.1.3 RADICAL POLITICAL ECONOMY

According to this school of thought “global corporations possess enormous power which is often widely used ruthlessly in their own self-interest and frequently at the expense of society and environment”. Radical view group perceives that many of the policies and practices developed to promote CSR by advocates of voluntary CSR are naïve, ineffectual and inadequate.

4.1.4 “CSR analysis economic, legal, moral social and physical aspects of environment”, Bernard (1938). Most generic definition of CSR is what it is / should be- the relationship between global corporations, governments of countries and individual citizens or CSR can be termed as relationship between a corporation and its internal and external stakeholders. Every corporation has a CSR policy and reports its CSR activities through annual CSR / sustainability reports. As explained by Crowther, David and Guler Aras, there are three basic principles which together comprise all CSR activities are:-

##### 4.1.4.1 Sustainability

Sustainability is concerned with the effect which action taken today will have on the options available in the future.

##### 4.1.4.2 Accountability

It is concerned with an organization / corporations acknowledge that their actions will impact external environments and therefore they assume the responsibility of the effects of their actions.

#### 4.1.4.3 Transparency

As principle translates that the external impacts of company's / organization's action can be accurately ascertained from the corporation's / organization's reporting and important facts are not disguised within that reporting.

## 4.2 CSR AS INVESTMENT

Feudalism the second major impediment of the E & P business dates back to the British Rule in the Indo-Pak Subcontinent. Masses are controlled and dealt by few influential land lords or feudal. The remote areas of Sindh and Baluchistan are rich in oil, gas and other natural resources with negligible writ of government leaves no other option for foreign operators but to depend solely on local influential. Social system especially in Sindh has even complex situation; here the poor common man has multi-dimensional problem which keeps him stick to the vicious circle of slavery and blind obedience. This common man is entangled in political followership, religious convictions (peer-mureed), debt of local Hindu businessman, tenancy of feudal lord and exploitation of ethnic divide. These all issues contribute to the plight of common man. Inefficiency of government departments and law enforcement agencies leaves other option for Multinational Oil and Gas Company to optimally use their development funds as part of CSR but to depend on the local feudal / land lord. All CSR activities are aimed for the betterment of local people are forcibly channeled through the feudal. These local feudal / landlords are either politician or their supporters therefore all the CSR initiatives are politically biased benefitting few selected locals and denying the true sustainability which in fact is the basic element of the business strategy especially in oil and gas companies, it shall achieve the betterment of the local community which is directly related to the company operations and has direct bearing on the sustainable operations in the area. If the E & P business in Pakistan is like a "Tight Rope Walk" for foreign companies then CSR is the "balancing tool". Therefore the effective use of CSR as a tool for sustainable operation is not an option but a compulsion.

## 5.0 SUSTAINABLE CORPORATIONS ARE SOCIALLY RESPONSIBLE

### 5.1 SUSTAINABILITY

Sustainability is commonly defined as "the ability to continue a defined behavior indefinitely" however the most popular definition of sustainability is that from the Brundtland Report of 1987, states "sustainable development is development that meets the needs of present without comprising the ability of future generations to meet their own needs". However to be more precise and accurate sustainability means the ability to continue a defined behavior indefinitely, where sustainability is environmental, economic and social sustainability.

### 5.2 UNITED NATIONS ON CSR

United Nations Conference on Environment and Development (UNCED) endorsed the first global event in Rio de Janeiro in 1992, to promote sustainable consumption and production. In

one of the briefs of UN it is explained that “CSR aims both to examine the role of business in society and to maximize the positive societal outcomes of business activity”. It further explains that CSR initiatives implemented by a MNC in a developed country may not be suitable for middle and low income countries, it can prove to be counterproductive if not conceived and implemented after a well thought out plan considering the society, government role, basic needs and possible ill effects of these initiatives in the host country. CSR initiatives need a detailed cost-benefit analysis and possible undesired effects. Local governments should not over-engineer policy responses. Most importantly CSR initiatives shall be seen as contributing to an enabling and predictable environment for private sector activities. If these initiatives are ill-conceived and pose extra burden on businesses than these are not justified by businesses and are not likely to succeed.

In 2002 World Summit on Sustainable Development (WSSD), UN endorsed sustainability reporting and encouraged businesses to use the GRI’s Sustainability Reporting Framework. This index communicates information which is relevant for assessing a company’s contribution towards a sustainable global economy. The reporting includes company’s environmental, social, economic and governance performance and its impacts.

### 5.3 UNITED NATION GLOBAL COMPACT

Launched in July 2000 UN Global Compact (UNGC) is a voluntary initiative and not a regulatory instrument, it depends on transparency, accountability and disclosure to compliment regulations. UNGC has more than 8500 signatories in about 135 countries this initiative is the world’s largest voluntary corporate sustainability initiative.

#### UNGC Ten Principles:

<b>Principle 1</b>	Business should support and respect the protection internationally proclaimed human rights; and	<b>Human Rights</b>
<b>Principle 2</b>	Make sure that they are not complicit in human rights Abuses.	
<b>Principle 3</b>	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	<b>Labour</b>
<b>Principle 4</b>	The elimination of all forms of forced and compulsor labour	
<b>Principle 5</b>	The effective abolition of child labour	
<b>Principle 6</b>	The elimination of discrimination in respect employment and occupation	
<b>Principle 7</b>	Business should support a precautionary approach environmental challenges	<b>Environment</b>
<b>Principle 8</b>	Undertake initiatives to promote greater environmental responsibility	
<b>Principle 9</b>	Encourage the development and diffusion of environmentally friendly technologies	
<b>Principle 10</b>	Business should work against the corruption in all its forms including extortion and bribery	<b>Anti-Corruption</b>

## **5.4 SUSTAINABILITY REPORTING**

Resulting document “The future we want” of UN Conference on Sustainable Development 2012 “Companies share sustainability reports in response to the increasing demand for them to manage a wider range of resources than just financial capital and in the interests of the efficiency of the company and also in response to compliance requirement. According to the study conducted by KPMG, 95 % of the 250 biggest companies in world now report their sustainability performance compared to 83 % in 2008 and 64 % in year 2005, the study further concludes that; corporate responsibility reporting has become the de facto law for business”.

### **5.4.1 REPORTING INITIATIVES**

Different private sector companies and voluntary initiatives are already helping companies in sustainability reporting by offering them reporting frameworks, protocols, reporting systems, standards and guidelines for e.g. Global Reporting Initiatives (GRI), Global 100 and Dow Jones Sustainability Indices etc.

### **5.4.2 GLOBAL REPORTING INITIATIVE (GRI)**

Mission of Global Reporting Initiative (GRI) is an international not-for-profit organization headquartered in Amsterdam. The aim of GRI is “to make sustainability reporting standard practice by providing guidance and support to organizations”. It is a widely used Sustainability Reporting Framework thousands of companies and organizations disclose their sustainability indicators publically every year based on the GRI guidelines. First version of GRI guidelines was launched in year 2000. GRI framework spells out the standardized reporting framework for different sectors and industries importantly for NGO, Oil and Gas, Media, Financial Services and construction and real estate.

Global Reporting Initiative states following Specific Standard Disclosures into three categories.

- 5.4.2.1 Economic category includes guidelines for economic performance, market presence, indirect economic impacts and procurement practices.
- 5.4.2.2 Environmental category includes guidelines for materials, energy, water, biodiversity, emissions, effluents and wastes, products and services, compliance, transport, supplier environment assessment and environmental grievances mechanism.
- 5.4.2.3 Social category includes four sub categories of labor practices, decent work, human rights, society (including local community) and product responsibility with various guidelines for each sub category.
- 5.4.2.4 Disclosure on Management Approach (governance) provides the opportunity to explain how the economic, environmental, and social impacts related to the material aspects are managed.

GRI is just a reporting tool and it provides guidelines to the organizations and companies to monitor and report their sustainability performance. It does not rank the corporations and organizations basing on their sustainable performance.

### 5.4.3 GLOBAL 100 (CORPORATE KNIGHTS CAPITAL)

Global 100 is most transparent and objective corporate sustainability assessment in existing at the moment. It ranks top 100 Global corporations basing on their overall sustainability performance. Unlike GRI this platform ranks top 100 corporations of the world from different industrial sectors. The aim of Global 100 (independent sustainable ranking organization) is to raise awareness, reinforce and showcase the corporate sustainability, promoting the culture of balanced environmental performance. All public listed companies with a market capitalization of more than 2 billion US\$ are automatically processed through four screening stages to be eligible for ranking. Process of the ranking works:-

- 5.4.3.1 Screen 1 eliminates companies which are not following the satisfying / adequate standards of sustainability reporting trends as required by that specific industry.
- 5.4.3.2 Screen 2 eliminates companies basing on their financial performance and strength.
- 5.4.3.3 Screen 3 eliminates companies basing on their product Category; tobacco and weapons manufactures.
- 5.4.3.4 Screen 4 eliminates the companies facing financial sanctions imposed on that company.

#### 5.4.3.5 **Key Performance Indicators (KPI).**

After short listing the companies through screening process these companies are indexed on 12 KPIs these KPIs serve as priority indicators:-

- Energy Productivity
- Carbon Productivity
- Water Productivity
- Waste productivity
- Innovation Capacity
- Percentage Tax Paid
- CEO to Average Worker Pay Ratio
- Pension Fund Status
- Safety Performance
- Employee Turnover

- Leadership Diversity
- Clean Capitalism Pay link

## 5.5 COMPARISON OF EUROPEAN E & P COMPANIES IN CSR SPENDING

### 5.5.1 BHP BILLITON

Explained on its website Broken Hill Proprietary Company Limited (BHP) is an Anglo-Australian multinational mining, metals and petroleum company headquartered in Melbourne, Australia. Its origin dates back to year 1860, it has a market capitalization of 69.5 billion US \$, and a workforce of 49,000 employees in approximately 18 countries. BHP has Petroleum & Potash, Copper, Iron Ore, coal and Aluminum (Manganese and Nickel) as main business divisions.

### 5.5.2 ENI (ITALIAN OIL AND GAS GIANT)

Operating in 85 countries across the globe with around 82,300 employees was founded in 1953, it has market capitalization of 68 Billion Euros (84.65 Billion US \$). ENI website elaborates its business divisions are Exploration & Production (E & P), Gas & Power (G &P), Refining & Marketing (R & M), Versalis and Engineering and Construction (E &C).

### 5.5.3 OMV (AUSTRIAN OIL AND GAS)

According to OMV press release 2015, OMV is an integrated international oil and gas company, headquartered in Vienna. It is operating in 16 countries with a composite workforce of 27000 employees. It has market capitalization of 11.35 Billion Euros (14.07 Billion US\$). Three business segments of OMV are Exploration & Production (E & P), Gas & Power (G & P) and Refining & Marketing (R & M).

## 5.6 CSR SPENDING BY EUROPEAN OIL AND GAS COMPANIES IN PAKISTAN FOR YEAR 2013. (FINANCIAL REPORTS)

ANNUAL CSR SPENDING FOR 2014		
Company	Production	CSR Spending %
BHP	1.5 MMCFD	1.5 MN US \$
ENI	1.8 MMCFD	1.2 MN Euro
OMV	3.8 MMCFD	3.8 MN US \$

## 5.7 OPERATING LOCATIONS OF EUROPEAN E & P COMPANIES

According to the survey report on Oil and Gas reserves in Pakistan published by United States Geological Department most of the operational as well as unexplored oil and gas fields are located in Sindh, Province which is low security risk zone. (Appendix-B)

Oil and Gas Fields							
Operators				Partners			
<b>ENI</b>	Bhit	Bhadra	Kadanwari	Zamzama	Sawan	Miano	Rehmat
Operators						Partners	
<b>OMV</b>	Sawan	Mehar	Latif	Miano	Rehmat		Kadanwari
<b>BHP</b>	Zamzama						

These fields are located in interior Sindh where there is strong feudalism, common man here is living below the poverty line and these people depend on the landlords, feudal and affluent person to earn their basic livelihood. (Appendix-C)



## **CHAPTER # 4**

### **SOCIO ECONOMIC DYNAMICS OF INTERIOR SINDH**

#### **6.0 POSSIBLE AREAS OF CONTRIBUTION FOR MNC IN INTERIOR SINDH**

Scarcely populated areas of Sindh and Baluchistan are devoid of basic infrastructure. Most of the population in these areas rely on the farming and cattle breeding therefore they settle at the far flung places where natural fodder and water is available or where ever they are provided a living and farming space by the land lord. These inter distances of common man presents an uphill task for the governments and MNC to reach out to them with development initiatives. This dispersion of population makes most of the initiatives economically unviable however possible areas for CSR interventions are as follows:

##### **6.0.1 INFRASTRUCTURE**

These far flung areas have worst roads and tracks to commute for even daily necessitates like education and agriculture markets. Loose sand in the area does not allow vehicular movement. Companies operating in these areas are playing a significant role in the construction of roads and tracks. Most of the roads and tracks constructed are contracted out through the offices of district governments. This is the best suited initiative of CSR in the area as these far flung area are least likely to receive any government funding for construction of roads therefore oil and gas companies are main contributors to the infrastructure of these areas.

##### **6.0.2 EDUCATION**

Education is the biggest problem in these areas, lack of awareness of importance of education has kept these areas neglected and deprived. These far flung areas away from cities either don't have schools at all or even if the school exists in some location; they are not imparting the education due to one reason or another. The Syllabus followed by most of the government schools are in Sindhi Language. English in government schools is taught from class 4 onwards. Schools are built on the political basis and even the selection of teaching staff is politically biased. These factors leads firstly to very low literacy rate and secondly those who even manage to reach the professional colleges level are not able to compete with the rest of students (from Karachi or Hyderabad) competing in entrance exams due to their poor quality basic education.

### **6.0.3 HEALTH**

Another major issue of the area in interior Sindh is basic health facility. In last seven months from Jun-2014 to Jan 15, in Tehsil Mithi which is the capital of Tharparkar Desert in southern Sindh more than 215 infants died of mal nutrition. There are very limited Government hospitals in some cities and towns however the villages are totally deprived of the basic health facilities. The formality of providing a health facility to these far flung areas is being addressed by making few “Basic Health Units” which are being managed by a medic. Medicine and other diagnostic treatment do not exist in these areas.

### **6.0.4 LOCAL EMPLOYMENT**

Most of the local communities living in these areas are either semi-skilled or unskilled. Mostly skilled work force is outsider from Karachi or other parts of the country because they have the desired level of skill in the industry. Oil and Gas industry is prone to serious health and safety accidents therefore the risk of training the unskilled work force at the live site is quite high. Standardization certifications and Health and Safety policies of Oil and Gas companies does not allow the operations by unskilled or raw work force. However mostly local communities are looked after in the daily labor or unskilled work that too in the non process areas.

### **6.0.5 PROJECT FUNDING**

Interior Sindh is famous for “dates” and bananas and cotton crop. Companies can fund micro projects through various NGOs. However proper follow up and enabling of the community is must to achieve the desired results of these micro financed projects.

### **6.0.6 TECHNICAL EDUCATION**

MNCs operating in these areas can also fund / stipend the technical education of the local community who are capable of completing the professional trainings in technical institutions.

### **6.0.7 LOCAL CONTRACTS AND SUPPLIES**

Companies can aim at enabling the local community to qualify and connect with company as contractors and suppliers. All business needs which can be met at local level shall be prioritized to be fulfilled at local level so that the local community can benefit in return.

### **6.0.8 SOCIAL, CULTURAL AND SPORTS EVENTS**

Local communities are the most important stake holders in these areas of Pakistan. Lack of governance and abundance of political interference and exploitation further highlights the importance of friendly and cordial relations of companies with local community. Company’s contribution for cultural events like “Melas” and “Urs” and other social events will develop strong cordial relation with the community. Organizing and funding sport events in local community schools and colleges is yet another effective way for developing good relations with local community.

### **6.0.9 WOMEN EMPOWERMENT**

To enable and empower women of this area through gender equality, women in these areas are kept outside the main streams and only limited to their home or farming. Gender equality is a big challenge here because the cultural heritage of this area does not allow women and equal status in society. Women in these areas get worst treatment from men of these communities, it may not be wrong to state that at times women are discussed, treated and traded as cattle in these areas.

## **7.0 PETROLEUM EXPLORATION AND PRODUCTION POLICY 2012**

Government of Pakistan has formulated an investor friendly policy in 2012; it is quite elaborate and comprehensive document. There are two types of exploration agreements one is “onshore” means the drilling will take place on the land and second is “offshore” which means the exploration will take place in the sea of Pakistan coast.

### **7.1 ONSHORE PETROLEUM CONCESSION (PCA)**

It has three zones of operations

**7.1.1** Zone-1 West Baluchistan, Pashin and Pothohar Basin.

**7.1.2** Zone-2 Kirthar, East Baluchistan, Punjab platform and Suleman Basins.

**7.1.3** Zone-3 Lower Indus Basin

### **7.2 MULTIPLE TAXING**

On onshore PCA are as follows:-

**7.2.1** Companies will pay “Royalty” at the rate of 12.5 % of their value of Petroleum at their field gate. This Royalty will be received by Federal Government and then paid in cash or kind according to the decided share of provinces. The option to choose between cash or kind will rest with the respective provincial governments.

**7.2.2** These royalties will be treated as an expense by companies the income tax will be paid at the rate of 40 % of profit or gain.

**7.2.3** Windfall levy (WLG) on natural gas will be as follows:-

$WLG = 0.4\% \times (\text{Third Party Sale Price} - \text{Base Price}) \times \text{volume of gas sold to third party}$  \*Base price will be the applicable Zone price for sale to GOP as outlined in the agreement.

**7.2.4** Windfall Levy (WLO) on crude oil and condensate as follows:-

$WLO = 0.4 \times (\text{Net Production} - \text{Royalty}) \times (\text{Mkt Price} - \text{Base Price i.e } 40 \$ \text{ a barrel})$

**7.2.5** Beside above a depreciation share against the life of gas / oil wells is also applicable to the companies.

**7.2.6** Fines and penalties are also imposed on the companies for not exploring the area in the prescribed time limit.

**7.2.7** To squeeze further the profit margin limits are also laid down stating “cost limit is 85 % including 12.5%. the contractor can recover 100 % costs from up to a maximum of 85 % of the gross revenues.

7.2.8 Companies will pay annual advance acreage rental for the area covered under the PSA of 50,000 US \$ plus and additional rate of 10 \$ per sq km thereof every year.

### 7.3 PRODUCTION BONUSES

Production bonuses are also payable to the government of Pakistan depending upon the quantum of production in that year.

CUMMULATIVE PRODUCTION	Amount US \$
<b>Within 90 days of start of commercial production</b>	<b>600,000</b>
Upon reaching 60 MMBOE	1,200,000
Upon reaching 120 MMBOE	2,000,000
Upon reaching 160 MMBOE	5,000,000
Upon reaching 200 MMBOE	7,000,000

### 7.4 DIRECTORATE GENERAL OF PETROLEUM CONCESSION (DGPC) PAKISTAN

Dictated guidelines over the period of time and these guidelines are agreed by contractors as part of the contract. The concession agreement requires an operator to agree on employing qualified nationals of Pakistan in its own or joint operations. Operators are required to undertake the schooling and training of nationals for staff positions which includes administrative and executive management positions. Pakistani nationals and unskilled staff from the local area will be given preference for employment in area of operations. It is also obligated by contract that operator and its contractor(s) shall ensure at least 50 % of unskilled labour is employed from the local area i.e. Tehsil and District level. All the foreign staff shall be replaced gradually by the national staff as they become available. Annual employment and training programme for nationals is prepared and shared with DGPC.

### 7.5 TRAINING

Trainings shall be provided for capacity building of Pakistani employees and Government of Pakistan (GOP) concerned staff by local and foreign E & P companies. Operators shall is also to establish programs to train the DGPC staff and other related central and provincial government employees at local and international institutions. These trainings shall include the technical trainings as well as management discipline. On job trainings, in house seminars, internships and scholarships are also part of these trainings. E & P companies shall incur following expenditure at different levels of their activity :-

- **Onshore Zones**
  - **USD 25,000 per year --- During exploration phase**
  - **USD 50,000 per year --- During development and production**
- **Offshore Zones**
  - **USD 50,000 per year --- During exploration phase**
  - **USD 250,000 per year --- During development and production**

The amount stated above shall not form part of government revenue and shall be used primarily for capacity building and to meet the connected expenditure of infrastructure development.

## 7.6 SOCIAL WELFARE PROGRAM

Social welfare programs shall be well thought between local community and civil administration in the light of the GOP guidelines. The amounts of social welfare funds pledged by local or foreign companies must be utilized to give a lasting benefit to the communities. Minimum limits of social welfare expense are:-

<b>During exploration stage until commercial production</b>	USD 3000 per license year
<b>During commercial production phase (BOE/d)</b>	Amount/lease Year (USD) (for all zones)
Less than 2000	50,000 (Zone 0 &1) ; 37,500 (Zone II and III)
2,000 to 5,000	100,000 (Zone 0 &1) ; 75,000 (Zone II and III)
5,000 to 10,000	200,000 (Zone 0 &1) ; 150,000 (Zone II and III)
10,000 to 50,000	400,000 (Zone 0 &1) ; 300,000 (Zone II and III)
More than 50,000	700,000 (Zone 0 &1) ; 525,000 (Zone II and III)

## 7.7 CURRENT CSR PRACTICES AND PROBLEMS

MNCs operating in Pakistan are bound by Pakistan Petroleum Policy to spend 1 % of their total production on the development of local communities which is beside 12.5 % royalties and taxes being paid to central and provincial governments. The development projects for the betterment of local community are primarily in the field of communication, education and health whereas the division of skilled and unskilled employment is laid down catering for these local communities.

## 7.8 EDUCATION

Education is the most important factor in achieving sustainable economic growth especially in today's world of globalized knowledge and skill based economies. Pakistan lamentably compares adversely with other countries of similar development levels. Literacy rate in this part of country is at the lowest levels. United Nations Millennium Development Goals (UNMDGs) for Sindh 2012 highlights the statistics and targets to be achieved by 2015, which are far from reality. 2<sup>nd</sup> Millennium Development Goal defines universal primary education by aiming at 100 % enrollment ratio of primary enrolment in 2015. Education statistics of Sindh. Khairpur once known for being a progressive princely state with widespread education has an area of 15,910 sq km, according to the 1998 census it had a population of 1,546,587 out of which 23.23 % is

was urban. The average annual population growth rate is 2.71 %. The overall literacy rate of Khairpur is 35.50 %, with 2,961 public schools out of which 2,640 are primary, 176 are middle, 109 are high and 36 are higher secondary (ASER Pakistan 2008).

## **7.9 LIMITATIONS OF PROVINCIAL GOVERNMENTS**

Interior Sindh is totally dominated by the feudal and notables, the two main political parties dominant in this area are Pakistan Muslim Leagues Functional “PML (F)” which is a political party at state level, people are not political attached to this party this party has strong spiritual followership as well, this party is the legacy of the spiritual and political leader Peer Pagaro (Late), now represented by his eldest son. The second dominant part in this area is Pakistan Peoples Party which has strong followership in this area. Schools managed by provincial governments are either insufficient in number or their contribution to the education development is limited factors which seriously hamper the efficiency of government run schools are as follows:-

- 7.9.1** Schools are not sited and constructed at the most suitable location i.e. keeping in view the number of dependent children in that area rather they are sited at the behest of political leader of the area (provincial level political office bearer).
- 7.9.2** Availability of qualified teachers is another considerable issue, qualified and suitable are not available in these remote areas and the distances / means of transport involved makes impossible for teachers to commute daily between Sukkur /Kahairpur Cities and these areas.
- 7.9.3** Most of the schools are left at their own after construction of buildings only the salaries of teachers are paid by provincial government all other expenses have to be self sustained for a school to keep going for a longer duration; administrative expenses like electricity, pick and drop, generators and stationary expenses etc have to managed from the school income which is not possible in these areas as the dependent children of this marginalized community can not pay even a meager fee.
- 7.9.4** Appointed of teacher and other staff is not done on merit also, mostly teachers of these schools are family members of dominant family of that area.

## **7.10 LOCAL COMMUNITY DEVELOPMENT**

Development of these areas is an uphill task; merely the dispersion of population and rugged terrain virtually makes any project unfeasible. Most of the projects aimed in these areas are as basic as clean drinking water at a comfortable distance (suited to local population) or basic health unit or even a brick lining track for dependant population. Inefficiency and corruption is rampant in these areas which results in following unwanted effects:-

- 7.10.1** Poor quality roads and tracks in the area, as one of the major road in the area was built from the bonus money of the oil company after a push and pull of 3 years at district level and finally the road was constructed jointly by the members of two dominant political parties of the area but ironically this 40 KMs black top road could not sustain the traffic for one year.
- 7.10.2** It is again shameful that this entire area is dependent on the one irrigation canal i.e. “Nara Canal” originating from Sukkur barrage on River Indus built in 1937 during British Rule. After that till to date no irrigation mechanism has been

established. This much valued canal is source of irrigation as well as drinking water for the neglected population of interior Sindh.

- 7.10.3** Clean Drinking Water, is yet another grave problem of this area water under ground is not fit for drinking and hand pumps installed at selected places with no mechanism of replacement or repair further aggravates the issue. Filtration plants by local government is sited in cities and towns however interior Sindh limited filtering plants for villages and isolated hutments. Power source and then physical guarding of the filtration equipment installed creates another obstacle for the MNCs to plan for projects like Reverse Osmosis plants in these areas.

## **7.11 SKILLED AND UNSKILLED JOBS**

As laid down in the Petroleum Policy of Pakistan 2012, E & P companies shall (obligated by law) to hire the required staff locally. The search for hiring skilled staff shall be sequenced firstly from local area, tehsil, district, division, province and country.

- 7.11.1** As stated above these areas have poor literacy rate moreover the quality of basic education like English and Mathematics is quite low which results in less ability workers. Though the degree or diploma holders are available to some extent but these degrees and diplomas are not comparable with a degree or diploma from well reputed institute of Karachi or Lahore. Oil and Gas is a highly specialized field and on job training is probably the most difficult task in this sector.

- 7.11.2** However the pool of unskilled workers is maintained locally which is sizeable number of workers being engaged a MNC in the area, approximately a Gas Plant with 2 MMCFD of gas production has 300 workers on its field site out of which nearly 100 employees are unskilled labor from local area. The issue faced in employing local labor is again the undue influence of local notables / feudal. All local community stakeholders who have a considerable influence on local population / administration or law enforcement enjoy a dictating right on the local labor hiring. Normally 5 to 10 local facilitators (commonly called as waraydar) appointed / agreed mutually by local notable / feudal and MNC are responsible for providing labor to these company on daily need basis. As there is serious issue of un employment locals flock in huge numbers to seek labor in these MNCs. These E & P companies can not involve in the hassle of dealing with these issues on daily basis and resultantly it suits companies to rest this responsibility to the local facilitator. This effect makes this vicious circle even stronger as labor entered by these facilitators is bound to act according to the wish and whims of their facilitator so much so the labor entered by these facilitators is obligated to pay approximately 20 % of their daily wages to these facilitators (80 RS /400 RS). This labor in turn create nuisance for company and blackmail (by strike) them in critical times of needs like Annual Turn Around / Annual Shut Down (time bound maintenance activity).

## **7.12 WOMEN EMPOWERMENT**

Women empowerment through education and employment is another area of focus for the local government as well as MNCs. Strong hereditary cultural values are against women

empowerment and education. Local community which does not realize the importance of education has further complications with education in women. Women in this part of the world are worst treated. Women here bear children, work fodder and milk cattle, maintain home, collect water for daily use from far distances and most importantly harvest the cotton crops in season. Women education in employment in this area is considered as taboo. Therefore any project of women empowerment handicrafts skills, stitching /sewing or even higher education of grown up girls is strongly opposed by the male dominant society.

### **7.13 ENVIRONMENTAL INITIATIVES**

With the increasing awareness of a common man about the environment and the impacts of certain business industries especially Oil and Gas and tobacco the environment issue has gained the limelight. Impacts of Oil and Gas exploration processes on the environment are multidimensional and pose a challenge of a large magnitude. Possible impacts from exploration and production is not beyond comprehension of a lay man. If not monitored and mitigated the below mentioned activities can be harmful for the local environment ( habitat, people, natural resource of water, atmosphere and ozone etc)

7.13.1 Movement of heavy machinery and its impact on local tracks roads and tracks.

7.13.2 Deforestation for tracks and drilling locations.

7.13.3 Drilling and excavation of lands and disturbance to natural resource of the area.

7.13.4 Pumping and burning of chemicals to get the increased output of gas / oil from drilled location.

7.13.5 Impacts of burned chemicals and gasses on the local crops and people.

7.13.6 Damage to environment through possible release of chemical and other harmful waste in the natural water course.

7.13.7 Possible pollution / contamination of soil in the explored / processing area.

### **8.0 SOCIO POLITICAL CONDITIONS (POLITICAL AND LAW ENFORCEMENT DYNAMICS)**

Despite these pre-conditions and laid down guidelines by government we have to understand that CSR is a comparatively new aspect of business strategy in which it's almost impossible to universally benchmark the percentages of development and job proportions for local and non-locals. Moreover the above stated factors contribute to further aggravate the situation for these European MNCs. The percentages of profits to be spent for local betterment vary depending upon the type of industry, ownership structure, local or foreign ownership and many other factors like the shareholders policy etc

### **8.1 CULTURAL NORM OF EXTORTION**

This part of interior Sindh has a different culture here the values are different from those of Punjab of Khyber Pakltoon Khwah areas. Demanding for undue favors and bounties is not termed as a social stigma here. On several occasions the perception of locals here was quite disturbing; local have mindset that this "Reserve of Oil or Gas" is the property of Sindhi people where as this natural resource is benefiting other parts of the country instead of Sindhis. Local community comfortably involves and argues with local police once they arrive at their home. Involving children and ladies of home to press their demands is again a common practice here. Even their a compensations in the name of disturbance of privacy,



virtually meaning that the privacy has a price and if that is paid then MNCs can violate their private life (commonly known as compensation for parda disturbance). Blocking roads sitting in front of company vehicle / gate along with ladies and children is not a strange phenomenon here.

## **8.2 LOCAL GOVERNMENT ISSUES**

Local government offices including Commissioners, Deputy Commissioners, Assistant Commissioners, Mulhtar Kar (tehsil revenue officer) are not free of political linkages. Their appointments, posting and suspension all are dependent on the Chief Minister who is the head of Executive machinery of the province. Therefore the proceedings and decisions at all levels has some political inclination.

## **8.3 PROCEDURAL FLAWS**

Most of the land used for exploration in this part of the country is desert area of interior Sindh which has no accurate record keeping. Resultantly the rigging starts as soon as the Seismic survey is planned for a specific area, as the landlord using his sources in company as well as relevant government offices acquires / purchases that land from a poor owner or government and even at times this land lord becomes the first owner of this deserted land. Once the E & P Company initiates the plan for seismic survey the land lords money minting machine starts. Later on the other players also enter the game as specialized heavy machinery moves in the area (a sign of fortune and opportunity for all) the approaches and access roads are occupied or encroached with the positive hope of getting compensation and disturbance amounts . As soon as the seismic surveys are carried out local influential start their spade work to own the close by government / poor men land (which will be used from vehicular movement or laying pipeline in for drilling and subsequently for prolong duration of production. Starting from first bounties received during the survey period the unending tale of exploitation starts with no logical end or termination point. Further aggravating the situation District and Tehsil administration including the revenue departments totally lack in proper record keeping and transparency. They still rely on outdated manual record keeping and other practices which make this entire process of land and government compensation complicated, unreliable and time taking. The steps involved in this complete procedure are:-

- 8.3.1** Allocation / Auction of Blocks by DGPC to E & P Companies.
- 8.3.2** Seismic Surveys by E & P Companies.
- 8.3.3** Exploration and Drilling (i.e. Rig operations the most critical and problematic).
- 8.3.4** Commissioning and production (normally a prolonged period of 2 years to decades depending on the size of reservoir)
- 8.3.5** Exit / Closure (reservoir is exhausted / exploration failed to achieve desired results).

All the stages are prone to human exploitation and unjust treatment starting from the buying of government / poor men land at a low rate (exploiting his lack of information) by landlord / influential to selling same land on higher rates to company to constructing new hutments / infrastructure with a view to demand high compensation / disturbance amounts from company to over estimation of damages and disturbances by government offices till the black mailing of company during production

stage. All these complexities benefit the exploiters and pose hurdles to MNCs.

#### **8.4 ROLE OF LAW ENFORCEMENT AGENCIES (LEA)**

Police is as politicized similarly as any other government department or functionary is, police head are posted by the chief executives at all levels starting from Prime Minister down to Assistant Commissioner. Especially in interior Sindh because of the cultural heritage and social structure a policeman (sponsored for employment by some feudal) with 20,000 a month salary and a financially weak family backing cannot be assertive and firm when the offender is a land lord or feudal. It is observed at various incidents that local police person specially the lower ranks beg / request the offender to abstain from transgression. Police person are seen mostly helpless to maintain law and order in the area except where there is personal involvement of strong police higher ranks (politically unbiased). This complacency of police has resulted in zero deterrence of police, even a common man has no fear of being reprimanded by police.

#### **8.5 JUDICIAL PROBLEMS**

To add the icing on the cake, outdated, complicated and corrupt judiciary system offers a peace of mind to the offenders to transgress their rights. In several cases it is experienced that even if the police have booked some offender he will in return sue the complainant and the unending era of court hearing and proceedings starts.

#### **8.6 NON STANDARD PRACTICES BY E & P COMPANIES**

Another area of issue is non standard practices of local development being followed by the different E & P companies. Various projects of local developments funded by E & P Companies are not standardized across regions one E & P Company may be focusing on the live stock health in a similar zone where another company may be focusing on women empowerment; this disparity of project prioritization provides an excuse for unjustified social discontentment or at least a possible cause for exploitation of less informed by the influential against company.

#### **8.7 SOCIAL SPENDING VARIATIONS DEPENDING ON PRODUCTION**

As laid down in the Petroleum Policy the amount of funds to be spent for local development depends on the volume of production which varies and fluctuates resulting in variation in social spending. These technicalities / formalities are beyond comprehension of a common man of this area. Therefore if there is downward trend in the production; social spending also get reduced which causes resentment and agitation in the local community and relation between community and corporation gets tense and operations are negatively effected.

#### **8.8 JUSTIFYING ALL**

Different groups and tribes have their vested interests attached to the companies in the area and it's virtually impossible to happily satisfy all the groups. It is practically experienced that locals do not limit their unending demands till the extent of collective benefit from company, they aim beyond that.

**8.8.1** After achieving collective gains from company, Inter Group / Inter Tribe Competitions start; each tribe tries to secure as much reward / bounty in shape of compensation as possible.

**8.8.2** Then the “Intergroup Competition” starts and group members compete against each other to achieve maximum benefit by hook or by crook. At several instances locals have been observed boasting about their deceitful tactical victory of undue bounty from companies.

## **8.9 ABSENCE OF GOVERNMENT ROLE**

People living in these areas are neglected and deprived absence of government functionaries leads to the total lack of all basic facilities. This vacuum is huge which cannot be filled by the intervention of these MNCs. Local communities alternatively look towards these E & P Companies for all their issues like:

- Education
- Clean Drinking Water
- Roads / Transportation
- Health
- Micro Financing / project funding
- Animal health (cattle farming)
- Environmental protection and improvement
- Unemployment
- Cultural, sports events and functions

## **CHAPTER # 5**

### **PRIMARY RESEARCH ANALYSIS**

#### **9.0 SAMPLING CRITERIA**

Total of **45 respondents** were selected randomly from the local community which either has some impact on company operations or vice-versa was selected randomly. These respondents had varying demographics. (Appendix-D)

#### **9.1 PERIMETERS OF RESEARCH**

Realizing that the hindrances faced by MNCs operating in these area which are mostly created (if not related) by a common man who’s strings trace back to a feudal or landlord. This common man creates undue problems on the commands of his feudal without understanding the situation / matter. Therefore the research is limited to these low income locals so that a sustainable solution is suggested. A total of 33 Multiples choice questions were asked from the respondents which included one question related to basic information of the respondents then few questions about the demographics followed by the bulk questions related to

experiences / feelings / perception of the respondent and lastly the respondents reply questions that how that want to see the company operation in their area. (Appendix-E and F)

## **9.2 DEMOGRAPHICS**

### **9.2.1 AGE**

35.5 % respondents are aged below 30 years whereas 42.2 % respondents are aged between 30 to 45 years. (Appendix-D)

### **9.2.2 PROXIMITY**

42 % respondents reside within 2 KM radius of the E & P company whereas 40 % respondents reside within 4 to 10 KM radius of the E & P Company. (Appendix-D)

### **9.2.3 FOLLOWERSHIP**

This area has political as well as spiritual followership. Spiritual followers are more staunch and rigid in their obedience and followership whereas the political followership is benefit and interest oriented. Out of 45 respondents 71.1 respondents are spiritual followers of Dargah (Peer Pagaro), 22.2 % respondents' political follow Pakistan Muslim League Functional (PMLF) and 6.7 % respondents are Pakistan People's Party followers. (Appendix-G)

### **9.2.4 FINANCIAL / SOCIAL STATUS**

Interior Sindh hosts poor and a neglected population of Pakistan. These multinational are the only source of respectable and decent earnings for these deprived communities. 73.3 % respondents are living well below the poverty line they own less than 1 acre of deserted or less than 5000 PKR a month. (this includes 10 jobless and 23 respondents with occasional jobs. 26.67 % respondents belong to a reasonable income group in the area they own more than 1 acre of land and they have monthly income of approximately 10000 PKR a month. (Appendix-H)

## **9.3 EXPERIENCES, FEELING AND PERCEPTIONS. (APPENDIX-E)**

According to the feedback received from the respondents:-

### **9.3.1 REAL BENEFICIARY**

53.33 % respondents **state** that the real benefit of E & P operations is received by local feudal / landlords. 17.8 % state that non local Pakistanis are the biggest beneficiary of these operations. 15.56 % think that these operations are benefitting local common man. 8.9 % respondents termed Foreign Company as the biggest beneficiary

and 4.44 respondents state that the government of Pakistan is the real beneficiary of these E & P Operations.

### **9.3.2 COMPANY'S CONTRIBUTION FOR THE BETTERMENT OF COMMON MAN'S LIFE**

57.78 % respondents state that E & P Company is either contributing nothing or negligible for the betterment of common man's life whereas 28.89 % think that company is either contributing good or excellent **towards the betterment of common man.**

### **9.3.3 BENEFITS TO RESPONDENTS**

40 % respondents stated that they (and their families) are being benefitted by good Roads / Tracks and built by the E & P Company in their area. 37.78 % respondents think that company operations have not benefitted them by any means. Approximately 18 % respondents state that they are benefitted by the health care initiatives of these E & P Companies. Only 4.45 % respondents state they have some job benefit from the operations of these E & P Companies.

### **9.3.4 STAKEHOLDERS RANKING**

According to the feedback received from respondents all the relevant stakeholders who have some sort of interaction / involvement with the local community in relation to the E & P operations of these MNC, Security Departments of the E & P Company is ranked best and the local government is termed as worst in terms of their performance related to the local community.

### **9.3.5 COMPANY AND FEUDAL GANG UP**

48.89 % respondents believe that Local Feudal and E & P Company has ganged up against them and deprive them of their justified rights. Approximately 37.78 % think that company and feudal has not ganged up against them whereas 13.33 % respondents replied in neutral.

## **9.4 COMPANY PROCESSES AND CSR OPERATIONS (APPENDIX-I)**

### **9.4.1 FAIR IN ACQUISITION OF LAND AND PAYMENT OF COMPENSATION**

It is pertinent to mention that overall negative perception prevails in the local community which aggravates the issues in the dealing,

84.44 % respondents believe that the process of Land Acquisition and Payment of Compensation adopted by the E & P Companies is not fair or it is biased. Similarly 51 % state that there is no accountability in the Company for their staff / employees for their misdealing with local community. This lack of trust is critically dangerous for the smooth and sustainable operations of the company in this area. (Appendix-J)

#### **9.4.2 E & P FAIRNESS IN LOCAL INITIATIVES**

CSR projects undertaken by companies are aimed towards the uplifting of the local community, companies undertake different initiatives either by themselves or through local government and NGOs to improve the life of the common man in their vicinity. According to the feedback received 68.89 % respondents have stated the process of labour hiring as unfair, 64.44 % believe that micro financed projects like cattle breeding or model farming are biased whereas 73 % respondents state that company does not have elaborate grievance management mechanism and 48.9 % respondents state that feudal are not fair / sympathizers of the local community. Even then the considerable portion of locals want that company shall interact with them through the feudal or land lord due to the lack of confidence in company proceedings and their own lack of knowledge, confidence and education.

#### **9.4.3 FAIRNESS IN HEALTH CARE INITIATIVES**

Initiatives related to health are much needed in these areas vaccination against viral diseases for humans and animals, local dispensaries, clinics anti snake bite medicine are major areas of contribution for the MNCs, however 35 % respondents have stated that these initiatives are biased (benefitting few feudal or their affiliates) 41 % have stated that these initiatives are unbiased but they are insufficient for the area. (Appendix-K)

#### **9.4.4 COMPANY-LOCALS RECOMMENDED INTERACTION**

The important factor which highlights the importance of strategic alignment of community relations by CSR, most of the local community is living below the poverty line and they lack education awareness and access to the local government and justice they know that local feudal are not fair with them in dealing even them that's why 51 % of the respondents want that company shall interact

directly with them for all matters of land acquisition, compensation, jobs, and health care initiatives. **27 % local still want dealing through the feudal this included their (feudal) affiliates mostly.**  
(Appendix-L)

## **9.5 LOCALS PERSPECTIVE**

A question was framed to understand the thinking and perspective of their grievance though the question had obvious positive answer even then this can lead to future research to dig in the reality of the issues. 67 % respondents stated that they just want their rightful and due share and they do not aim or desire for what they don't deserve. 28 % of the respondents stated that they want more than their due share because many others have also received more than their due share.

## **9.6 GRIEVANCE MANAGEMENT**

E & P companies have laid down the procedure to address the grievances of local community however this procedure is in infancy stage and needs neutral review. The departments which is custodian of the grievance management is the one against whom all the grievances are labeled. Therefore the grievance procedure shall be reviewed and managed by independent party or any other organizational department of E & P Company. According to the feedback 47 % of respondents stated that they will block the roads and tracks in the vicinity for the move of company vehicles so that their grievances / complaints will reach to the relevant people in the company. However 23 % respondents stated that they will approach the concern department (CSR or Public Relation Officer) of the company for the solution of their grievances or complaints. (Appendix-O)

## **9.7 SUSTAINABLE COMMUNITY RELATIONS**

A question was framed to understand the feelings of respondents in relation to the future operations of the company in this area it was encouraging to know that 77.78 % locals want that E & P Company shall expand their operations in the area and only 2 % respondents want that company shall reduce its operations in the area.

# **CHAPTER # 6**

## **FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

**10.0** We can We can conveniently infer following from the above referred primary data collected first hand through a multiple choice survey questionnaire (attached as appendix-D) in the field location of interior Sindh, Pakistan.

## **10.1 PROBLEMS AREAS**

- 10.1.1 Over the period of time due to various reasons it was learnt from the feedback that the local people have lost their trust in company's system of land acquisition and compensation payments.
- 10.1.2 On further questioning in few cases it was revealed that certain office bearers (relevant departments) are not fair in dealing and the payments and proceeding are biased depending upon the mutual relations.
- 10.1.3 Local Communities have little or no faith in the district and local office bearers of the government.
- 10.1.4 Local Community member seek help from Local notables , influential or landlords in their dealings with the company for two reasons in few cases they were found afraid and under confident because of their lack of education and exposure or because of their positive hope / confidence that the land lord will be able to get maximum from multinational.
- 10.1.5 A common man from local community at most aim at the un skilled labor / daily wages employment that too through some "Waray Dar" where as the main benefiting options of contracts of supply of labor, material or rental vehicles etc are mostly gripped by land lords.
- 10.1.6 MNCs have some inherent business compulsions of not being transparent. Things are not ideally transparent and managers and relevant office bearers fully understand that the local development funds their proportion and their spending cannot be transparent and publicly available for the satisfaction for all.
- 10.1.7 It has been observed that local community have come across varying standard of payments for their land and other assets acquired by E & P Companies. Depending on the power to effect company operations decides the level of stake that person has in the company operations and in most cases the compensation and damages are in proportion to the level of stake holder. The person who can create problems and obstruction and has influence on local police and administration receives exaggerated payments.
- 10.1.8 Reward money (the amount of money to be paid to the original occupant in return for his land sold to E & P Company) is paid to them by the local court which involves a lot of time and in most cases the payments are made months after the land is taken over and operations are started.
- 10.1.9 As observed E & P Companies are not rigidly following the one standard rate of compensation and disturbance allowance payment, the individual or group of person who can create nuisance for the company operation receives more compensation and disturbances than the one who has limited power to obstruct company operations. Moreover the landlord / influential of the area covertly exert pressure on the company and channelize all the business activities of these companies through their / their affiliates offices..
- 10.1.10 Mostly the company funding and spending are used for developing personal relations by company representatives, they use company funds and projects spending to establish linkage to their personal benefit instead of company



advantage. CSR department is on the giving end therefore they are mostly at the obliging end and this dominating position is used to their personal benefit.

**10.2 Expectations.** It's a commonly experienced phenomenon that expectations and demands of locals are never ending. The benefits they receive are sooner termed by them as their right and they start looking / searching for more avenues of minting money from MNCs.

### **10.3 COMMON MAN**

The biggest irony and the worst effect of all this practice is yet to develop, common men of local community is still living a miserable life even after decades of E & P operations in these areas. The relations between the two interfaces i.e. E & P Companies and local community are heading towards tension and discomfort instead of developing into a strategic partnership. Probably the actual benefit is not reaching the deserved people.

### **10.4 REAL DEVELOPMENT**

There is dire need of real development in these areas cosmetic arrangements and philanthropy activities are never going to change the fortune of these neglected people. Proper economic survey, benchmarking and independent consultants shall be engaged to assess the real improvement of life of a common man.

### **10.5 VICIOUS CIRCLE**

Present setting and practices are strengthening the grip and control of the landlord / influential who are already exploiting the resources and benefits emerging out of the MNCs. Most of the local contracts of man power supply, scrap disposal, event organizing, rental vehicle, local fuel supply, vehicle maintenance / repair and many other are only signed with the land lords of the area which in turn then employ the poor man at their end and thus increase their dominance over the local community as well as the company.

### **10.6 WHISTLE BLOWING**

Unfortunately in our society / business norm there is no culture of "whistle blower". CSR practices and dealing with local community are unfortunately leading towards the unwanted side but still the fact is not being realized at the higher levels. The cosmetic arrangements and philanthropy activities are celebrated and projected to all interfaces presenting the positive side of the relations where as the reality of tense relation, hatred and enmity fades out in the flashing lights and flowery writings of electronic media.

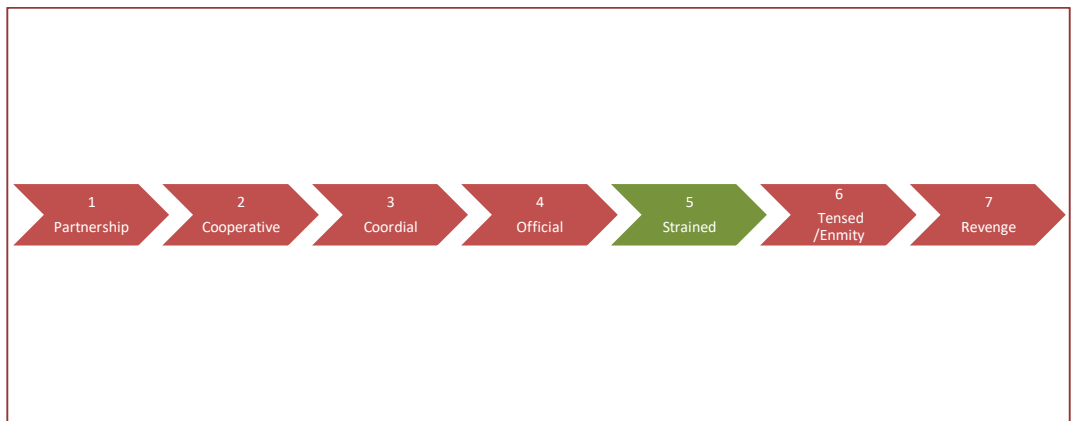
### **10.7 HUMAN RIGHTS VIOLATIONS**

A strongly projected and less practiced principle of human rights is another neglected area. MNCs and local communities frequently violate the human rights of each other. Local community blocks roads, makes hostage and deny movements to E & P personal and equipment costing them heavily. Similarly MNCs sue different people or group of people in the court of law in order to get judicial decision to solve their differences.

## **11.0 CONCLUSION**

### **11.0.1 Relationship Matrix**

Being part of the E & P Company for last three years and practically faced different situations probably I am at the best position to describe the real problem and most effective sustainable solution. I have been part of various disputes and confrontation and had the opportunity to get the first hand knowledge about the problem. The gravity of problem is not being felt at the appropriate levels, the responsible person / department are not taking the issue seriously probably because the things are hidden misrepresented at the higher levels. The relations between local community and the corporation are heading towards worst futures. If we grade this mutual relation we can graphical represent it as follow:-



### **Local Community and E & P Company Relationship Matrix**

The above matrix explains the E & P – Community relations at seven possible stages of relationship, if we realistically evaluate the relationship we can infer that most of the European companies are placed between stage 4 to 6 of mutual relationship. Most of the companies have litigations either criminal or civil against local community and vice versa.

#### **11.0.2 WHISTLE BLOWING**

It is strongly recommended that MNCs shall provide a platform and open policy of whistle blowing; any malpractices or ill functions shall be covertly reported to the highest level of management. There is a system of reporting accidents and incidents already incorporated in all the oil and gas companies and a similar internet based application can be incorporated or provided separately though out the offices of the venture. In this part of world the organizational culture inherently tends to become bureaucratic and authoritarian where the upward flow of information is controlled and filtered. This serious flaw in MNCs paint a false picture to highest ranks westerners at executive level.

#### **11.1 CSR PRINCIPLES**

Effective SR practices are vital for sustainable relations and operations of the company in any given area. Ill practices and poor CSR practices are cannibalizing the operations of E & P Companies. Efficiency in Sindhi Language is the biggest and only limiting factor involved in

the hiring of the CSR staff. Staffs employed in CSR departments have to be Sindhi speaking who ultimately prove biased towards the local community instead of the company. Ethnic bonding is very strong in this area, Sindhi speaking person will invariably have soft corner for the local community and mostly they will benefit locals at the cost of company's advantage. To guard against the factor of ethnicity and make CSR activities really beneficial for company and locals it is imperative to devise method imbed the basic principles of CSR in the company strategy.

**11.1.1** "Reliability" of CSR practices is very important to establish the trust of local community in the company proceedings for payments of compensations and disturbances. Ideally the system shall be reliable to an extent that every individual or group of people interacting with the company shall be very clear about their rightful owing towards company. Local community shall have this form belief that E & P companies will never deny them their rights and they will receive what they deserve even if they sit back at their places. Similarly on the other hand their shall be clear understanding at locals end that they will not get iota of surplus benefit of what they rightfully deserve even if they create nuisance and hurdles for company operations.

**11.1.2** "Accountability" is another important factor of the CSR practices to be effective and fruitful. Basic function of CSR departments is to act as an interface between MNCs and most of the external stakeholders including local community and government functionaries. Projects and local development infinitives are routed through the CSR department and mostly these proceedings are not audited and out of the formal financial proceedings of the company. Probably the exact amounts of spending are deliberately kept secret and hidden that is why the accountability is difficult in these proceedings. Funds involved are usually of substantial values and the room for exploitation and embezzlement is large. There is a dire need of establishing a mechanism of cross check to firmly audit and scrutinize the utilization of CSR funds.

**11.1.3** The most important aspect in CSR function is "Sustainability". All operations shall be judged and evaluated on the basis of totality for instance seismic survey is start of long term relations and interactions amongst stake holders followed by acquiring of land, exploration and production etc . All CSR practices shall be aimed at the long term results no short term measures / solutions shall be appreciated at any level. Mostly CSR departments in the field tend to find quick fix or short term solution to the complex problems of compensations and royalties. Unrealistic deadlines / tight time schedules laid down by the corporations leads to the short term measures adopted at the field level.

## **11.2 INDEPENDENT AUDITORS AND EVALUATORS**

Keeping in view our national culture and practices it is imperative that a system shall be devised and practiced in which some external firm shall audit the CSR department. These audit reports shall be shared at least at the SVP or director level. c

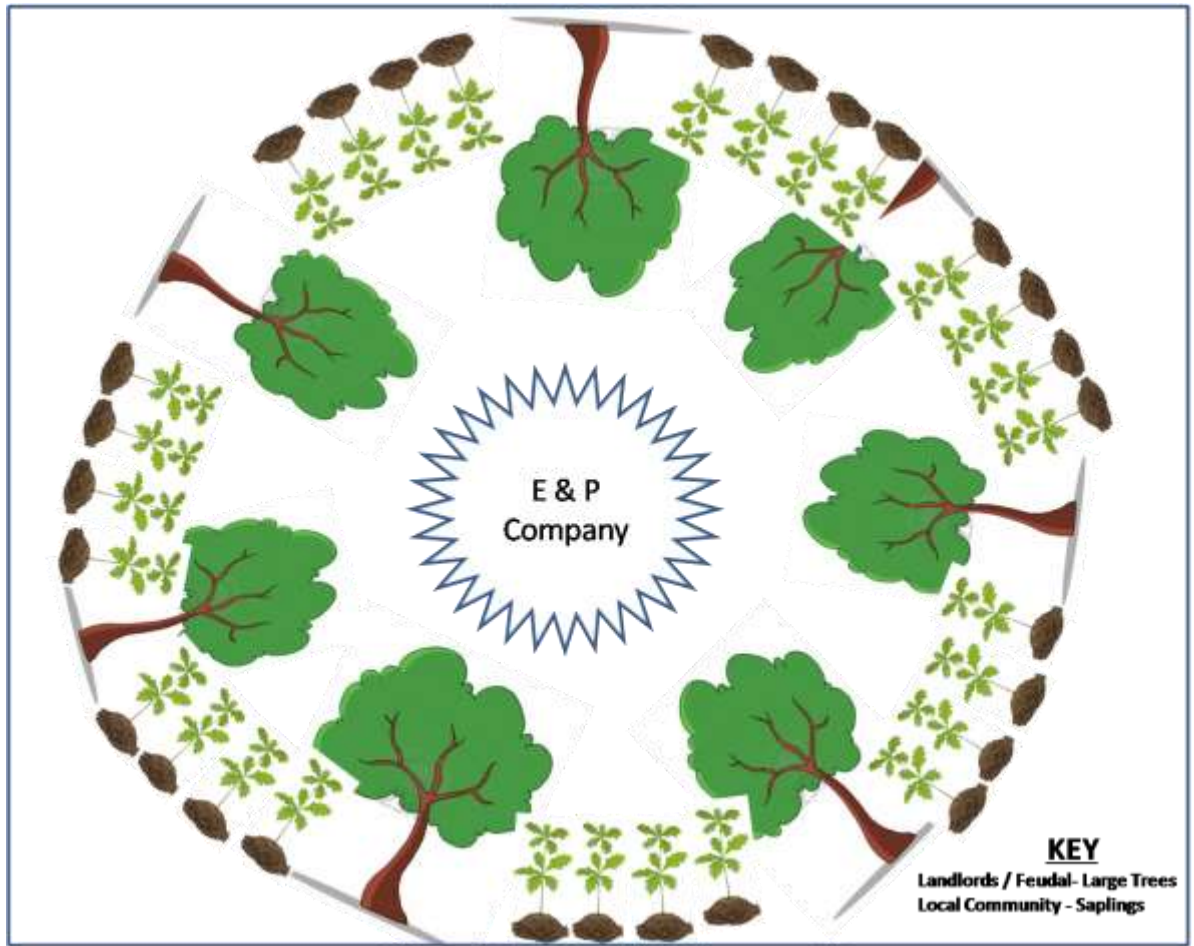
## **11.3 CAPACITY BUILDING OF LEAS**

Unfortunately the law enforcement agencies in Pakistan especially in interior Sindh are ill equipped and ill trained to perform even their basic functions. All CSR spending are directed towards the betterment of the local communities and government departments (except LEAs) with a deplorable plea that CSR funding can be utilized for the development of local people and local government and not for LEAs. This strategic blunder leads to dreadful relations between LEAs and MNCs. LEAs rightly argue that they are also the part of the local community to be more precise they state that Sindh Police is recruited and employed at division level. But unfortunately it is easy to deal with one stake holder on a particular project; it is practically difficult to engage with district management and LEAs on a similar subject.

## **12.0 RECOMMENDATIONS**

### **12.1 SUN MODEL**

Realizing the importance of the mutual relationship (between E & P Companies and local community) for sustainable operations. The anomalies in dealing and reporting of the events and other factors like strengthening of landlords are leading the situation towards the ugly end. There is a need of serious effort to develop the common man and improve their life in all respects. This real development can only take place if E & P companies reach out to the common man and make sincere effort to improve the life of the deprived community instead of the few influential and landlord. To explain this concept more clearly a graphical “Sun Model for Local Development” is suggested as follows:-



### **SUN MODEL (COMMUNITY-COMPANY RELATIONSHIP)**

The above model explains that E & P Companies are like sun emitting much needed sunlight for the growth of the every member of community. Large trees represent the landlord and feudal of the area which are benefiting the most from the E & P Companies, where as the common man represented by sapling is being deprived of the real benefits from the “Sun”. We can easily understand and infer that if immediate steps are not taken the stronger trees will grow further to cannibalize the saplings. There is dire need for adopting strategies which reach out to the local community and bring the common man at-par with the other dominating influential. Sustainability operations shall aim at successful future operations for the indefinite period. The sunlight / beam is symbolized with the projects / funding of E & P companies aimed at the betterment of the common man where large trees deny those benefits by blocking it in the way to the saplings. Unless strategies are re-aligned the saplings (representing majority of local community members) will wither out and starve out.

## **12.2 BENCHMARKING THE RELATIONSHIP**

Companies shall devise mechanism to formulate a system to evaluate the relationship of the community and Company. This assessment of relationship shall be carried out by survey carried out independently by independent firm. This relationship shall be regularly monitored

and gauged against the relationship matrix. The performance of entire CSR team shall be evaluated and appraised on the basis of the third party relationship survey.

### **12.3 CSR PRINCIPLES**

Next most important measure to be addressed is the adherence of CSR principles. Human Resource departments of the E & P Companies shall be tasked to devised the means of incorporating the principles of CSR in their organizational framework. KPIs of the department shall be based on the principles of CSR.

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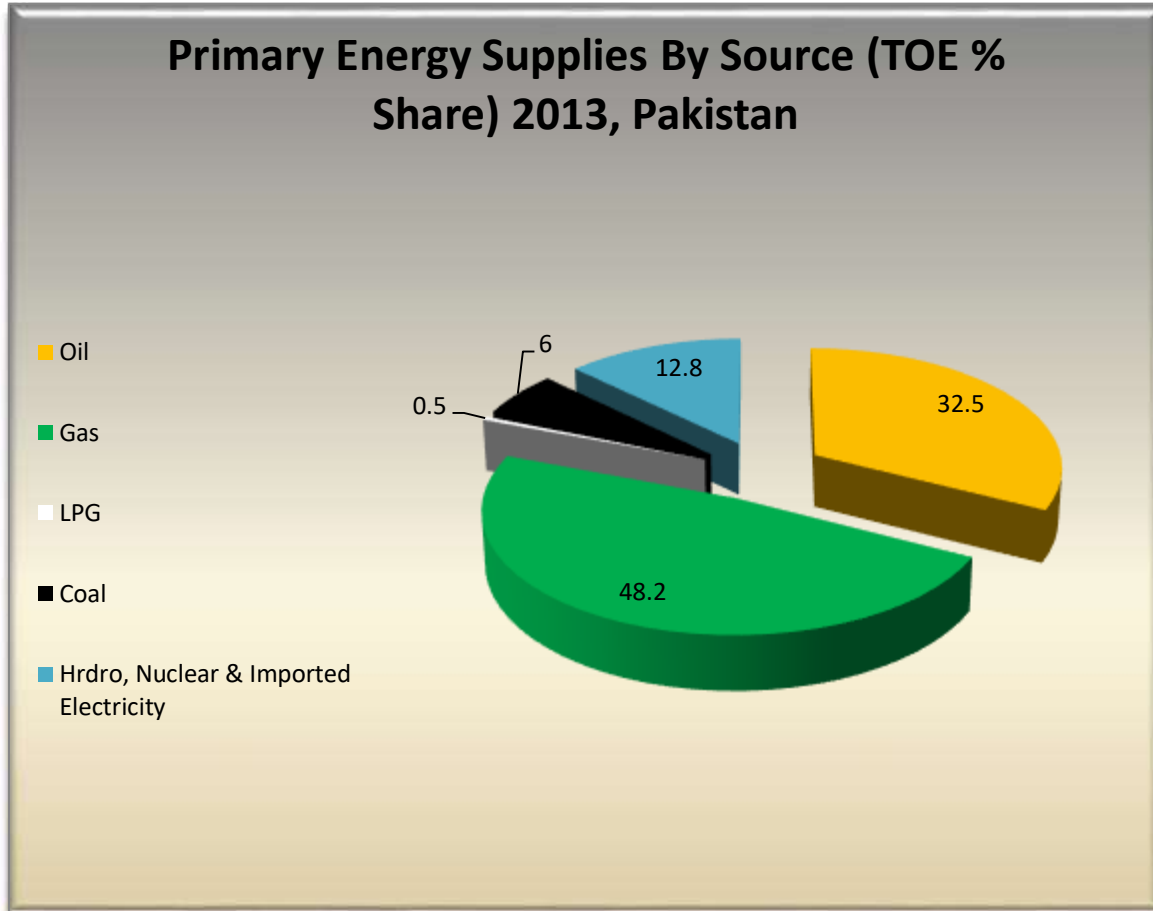
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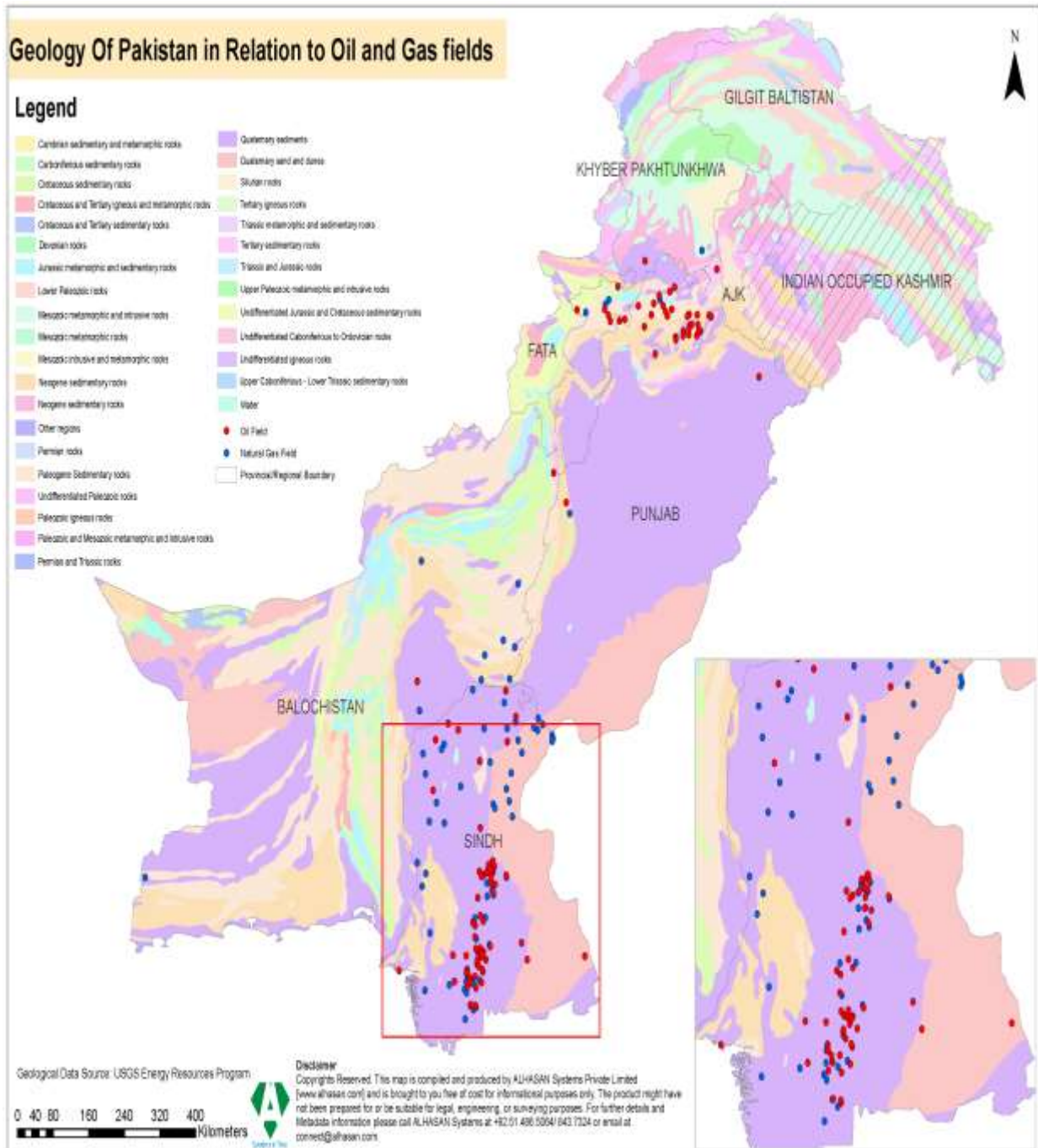
## Appendix A



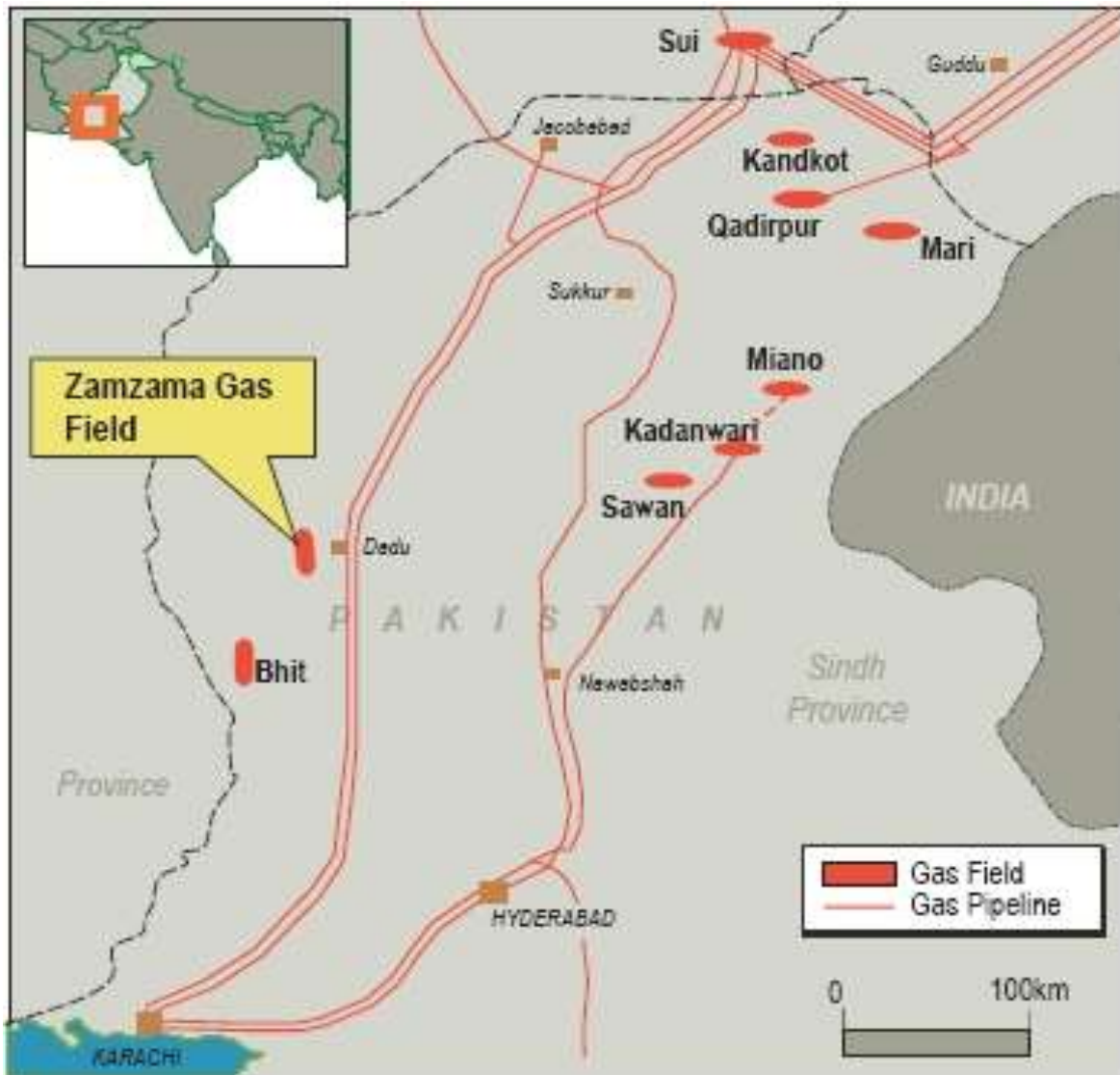
PAKISTAN ENERGY YEAR BOOK 2013



# Appendix-B

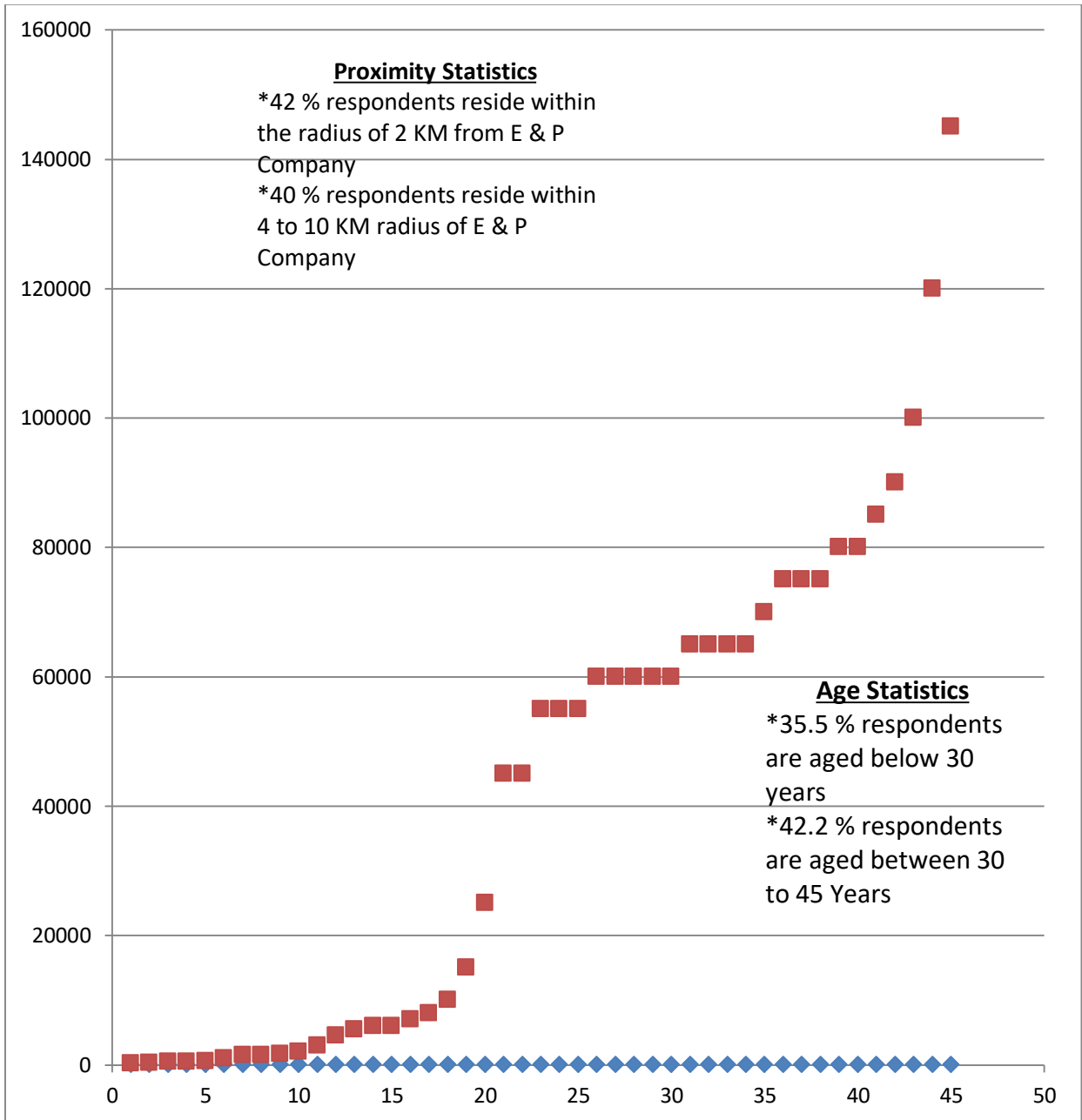


## Appendix-C



[WWW.BHPBILLITON.COM](http://WWW.BHPBILLITON.COM)

**APPENDIX-D**

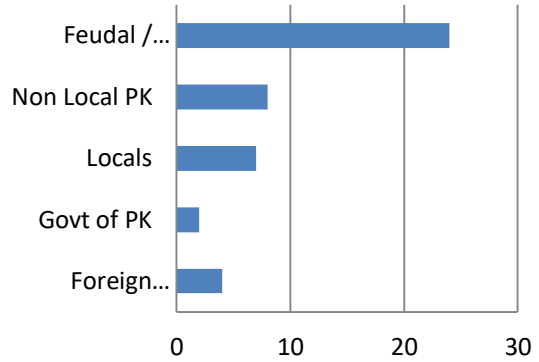


### Local's Perception (Coy & Feudal Ganged up Against you)



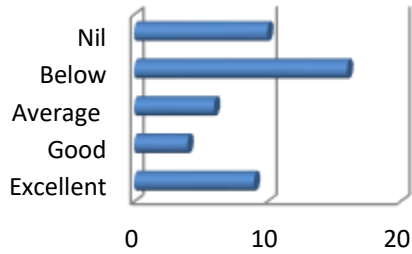
	Yes	No	Don't Know
Local's Perception (Coy & Feudal Ganged up Against you)	22	17	6

### Real Beneficiary



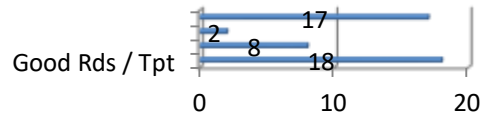
	Foreign Company	Govt of PK	Locals	Non Local PK	Feudal / Landlord
Real Beneficiary	4	2	7	8	24

### Contribution of Coy for common man



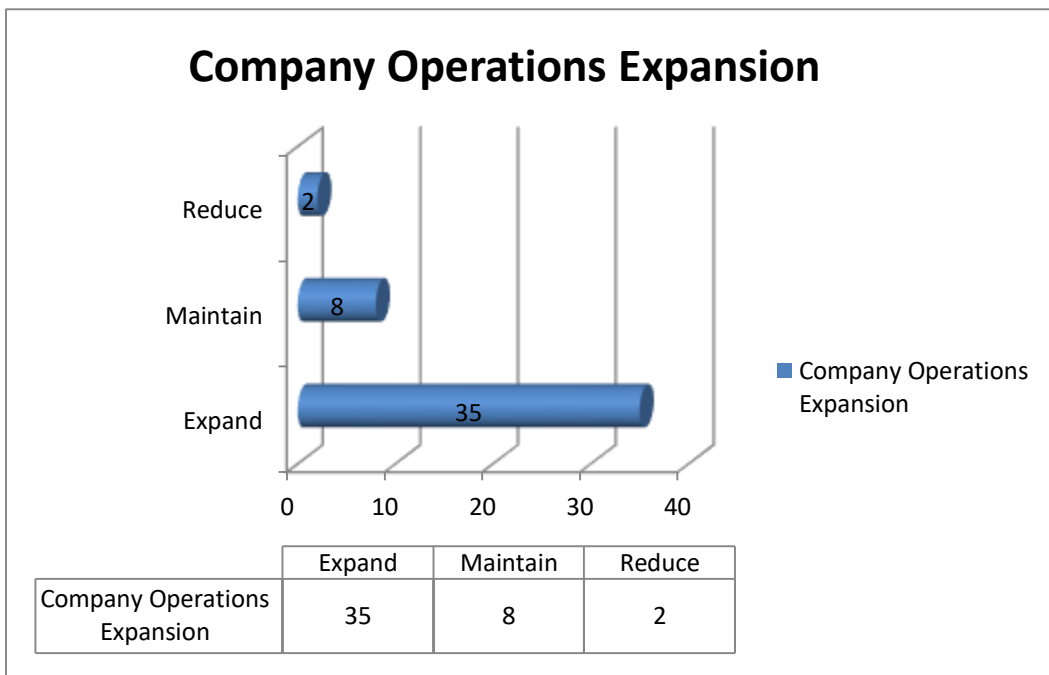
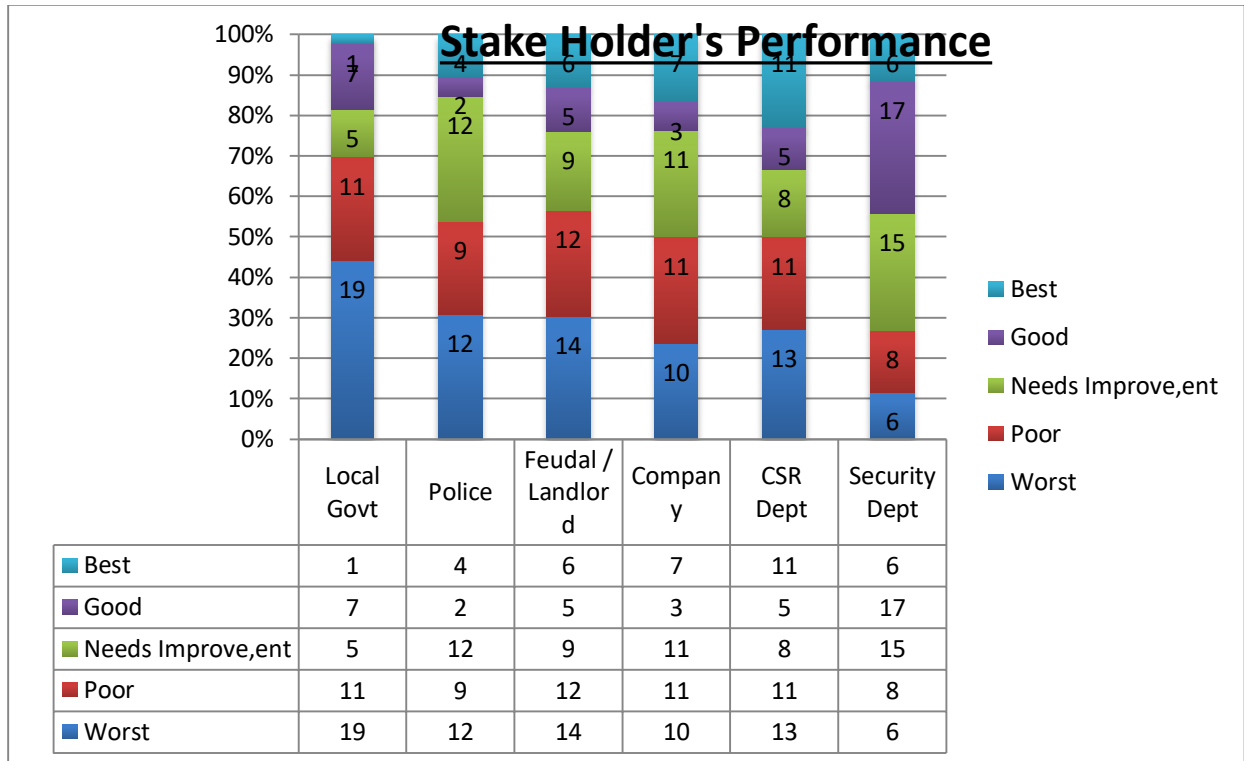
	Excellent	Good	Average	Below	Nil
Contribution of Coy for common man	9	4	6	16	10

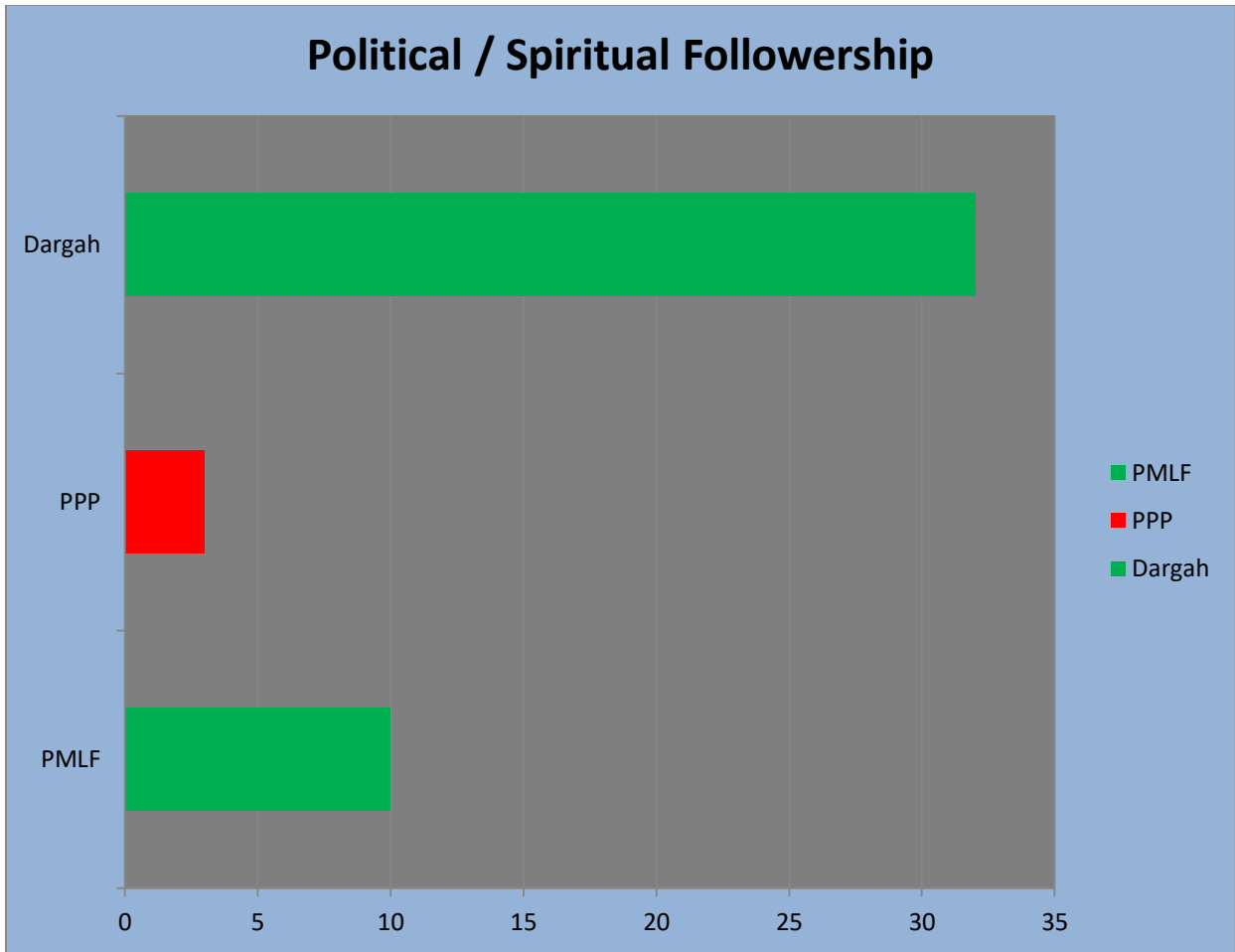
### Coy Benefits to you



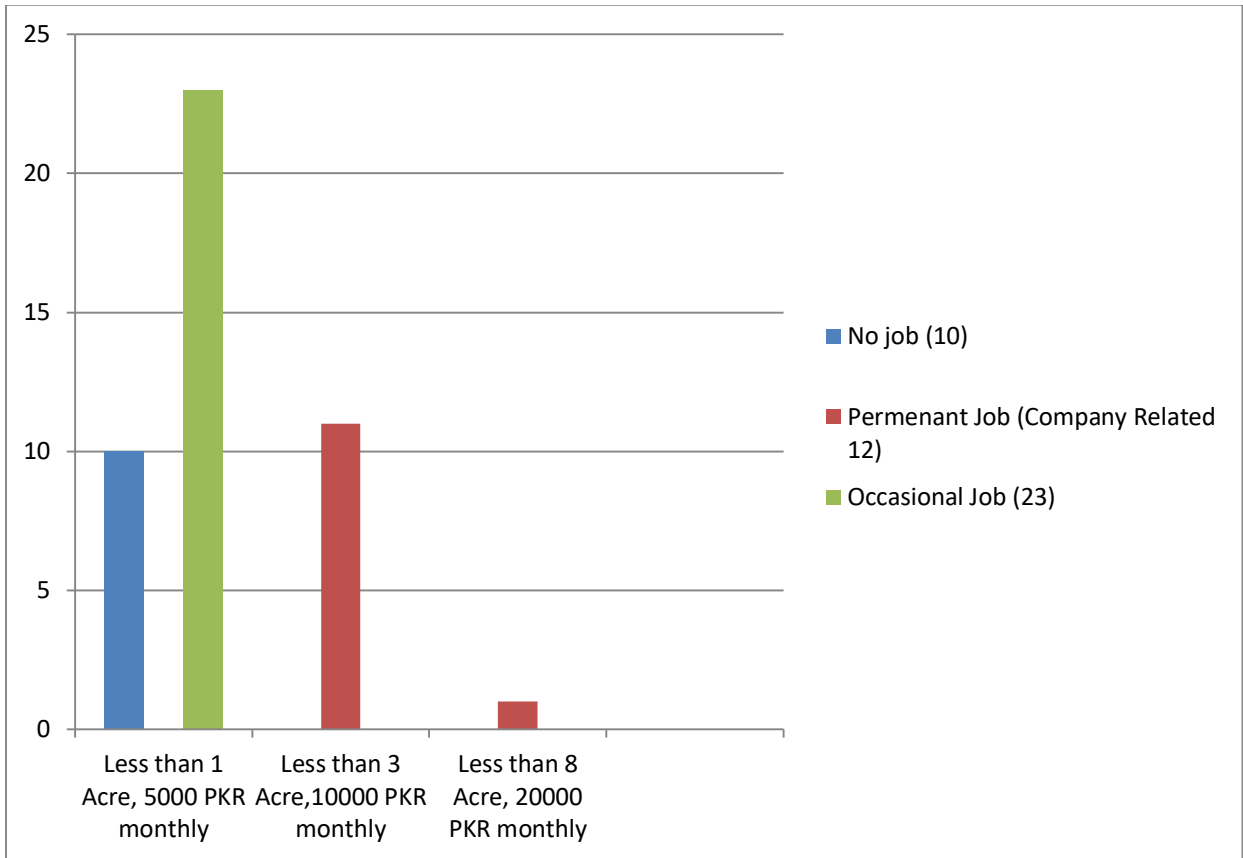
	Good Rds / Tpt	Healthcare	jobs / businesses	No Benefit
Coy Benefits to you	18	8	2	17

APPENDIX-F



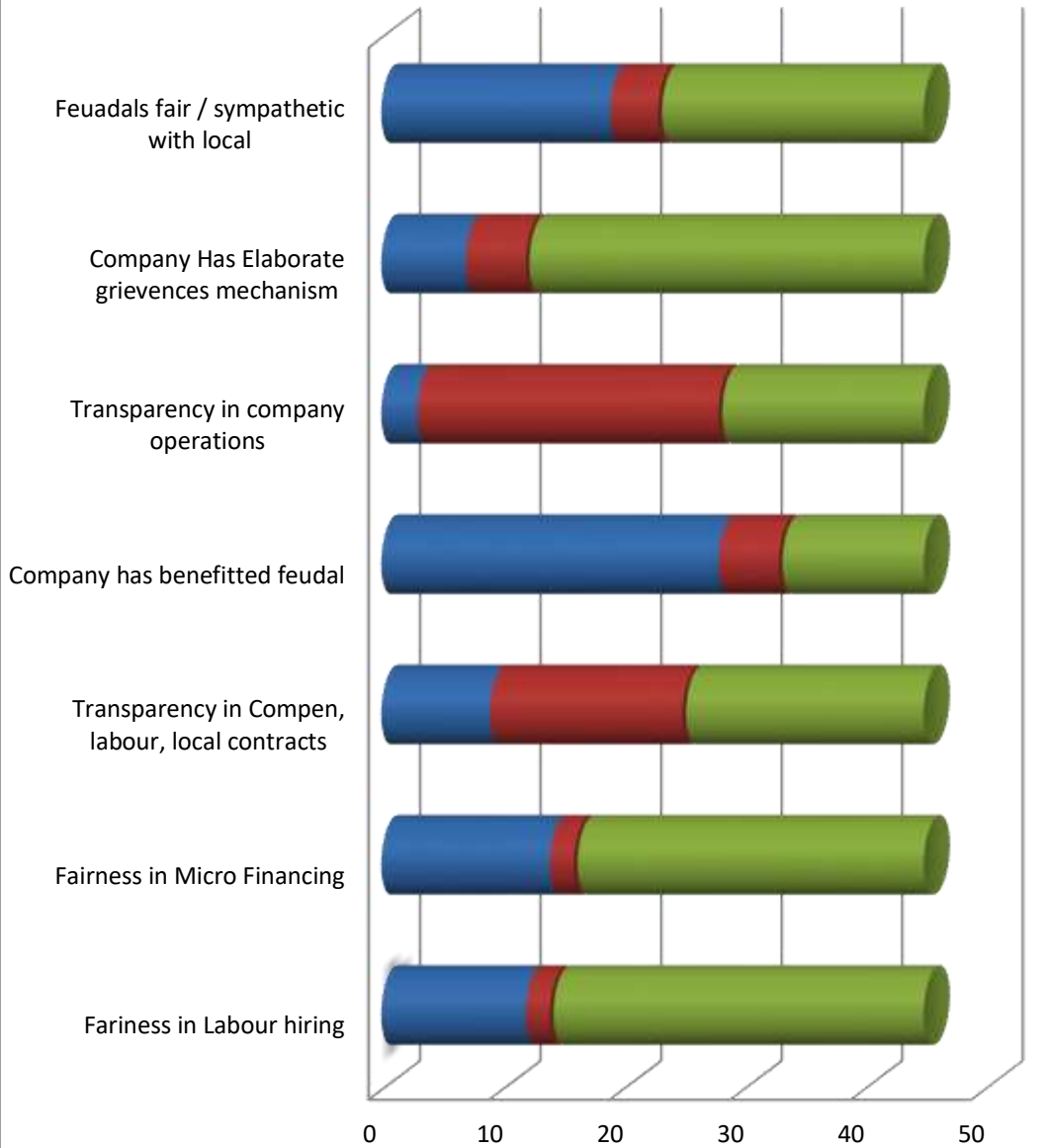


**APPENDIX-H**



\*33 Resp (73.33 %) have less than 1 Acre Land or 5000 PKR / Monthly out of which 23 have occaional jobs and 10 are jobless.  
 \*12 have permenant jobs (26.67 %) and also own land of considerable size.

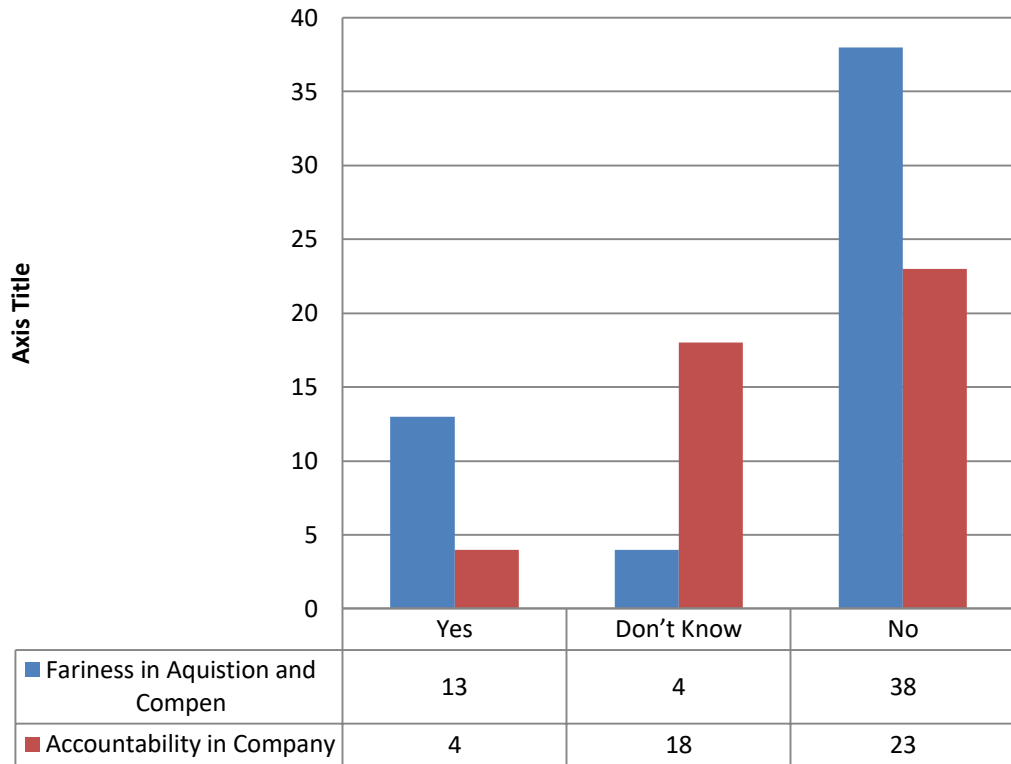
### Company Processes



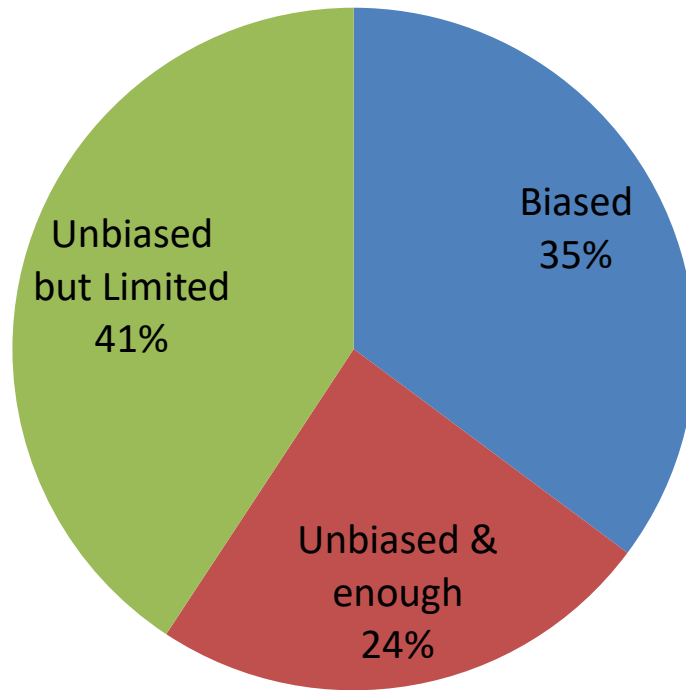
	Fariness in Labour hiring	Fairness in Micro Financing	Transparancy in Compen, labour, local contracts	Compan y has benefitted feudal	Transparancy in company operations	Compan y Has Elaborate grievances mechanism	Feudals fair / sympathetic with local
■ Yes	12	14	9	28	3	7	19
■ Needs Imprivement / Some extent	2	2	16	5	25	5	4
■ No	31	29	20	12	17	33	22



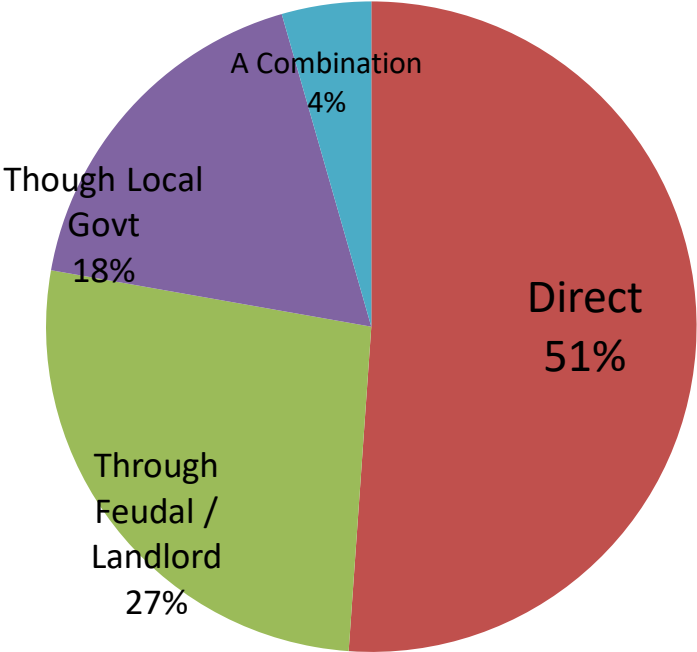
## Fairness in Land Acquisition and Compensation



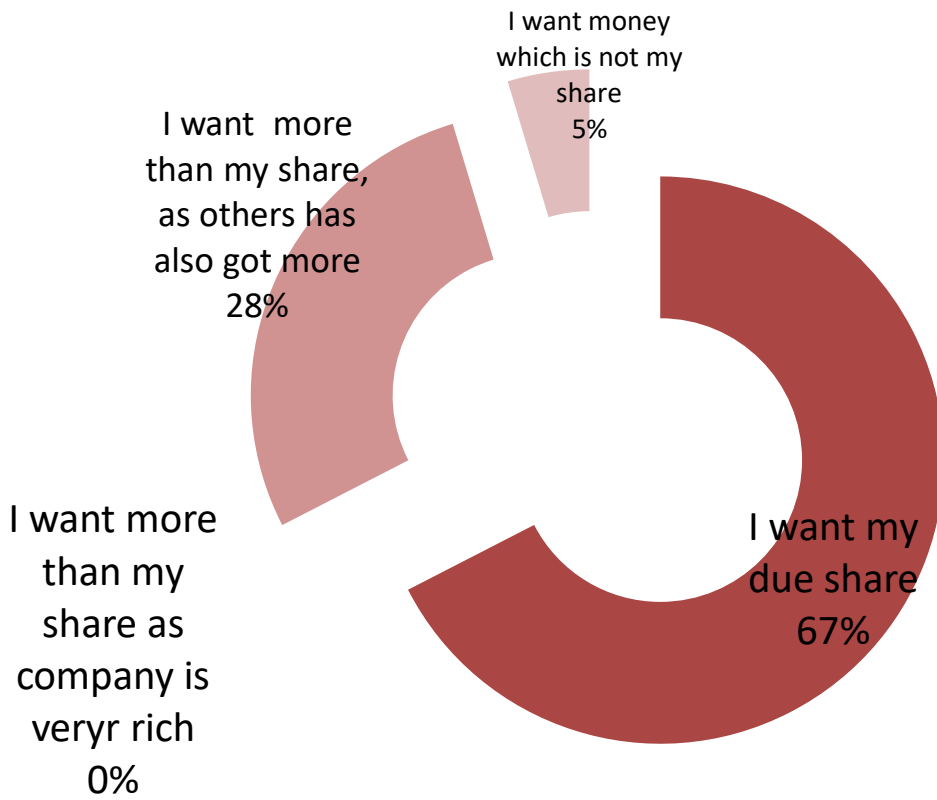
**Fairness in Health Care Initiatives**



**Company Interaction with locals**

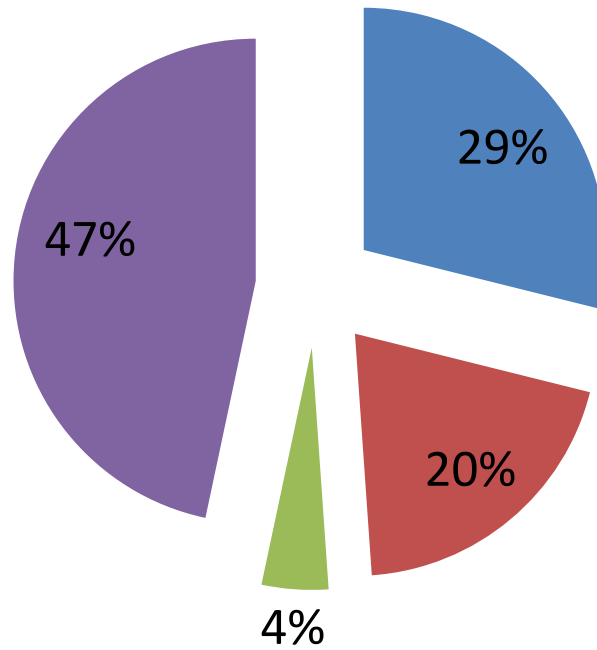


### Locals Stance



**Actions in Case Grievences are not Adressed**

- Aproach the concern department of company
- Aproach the local notable / feudal
- Aproach local govt / revenue dept
- Block the road and force the company to listen to you



**APPENDIX-O**  
**QUESTIONNAIRE**

11/06/2014

[SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey



**STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING**

CSR and Local Community

Local Community is most important stakeholder of CSR, and vital for the sustainable operations of the company. Information and awareness necessitates the change in the CSR strategy.

**1. Respondants Details**

Name and (S / O) :	SHAHNAWAZ S/O BEHADUR
Caste	SHAR
Adress.	KHAIRPUR MIRUS NARA
Education level	MIDDLE
Age	38 YRS

**2. I belong to political party?**

- Pakistan Peoples Party
- Muslim Leagues Functional
- JSQM / Nationalist Party
- No political affiliation

**3. Spirtual belonging ( Peer / Mureed System)**

- Dargah (Peer Pagara)
- Peer of Rani Pur
- ..
- ..

[https://www.surveymonkey.com/s.aspx?PREVIEW\\_MCOE=OG\\_NOT\\_USE\\_THIS\\_LINK\\_FOR\\_COLLECTION&sm=PRdQrNw51TNzxtDgwA8VgJzggCub...](https://www.surveymonkey.com/s.aspx?PREVIEW_MCOE=OG_NOT_USE_THIS_LINK_FOR_COLLECTION&sm=PRdQrNw51TNzxtDgwA8VgJzggCub...) 1/8

**4. You live in village (approx distance to closest company installation / well / infrastructure)**

1. House / land 1

(...)

Ms)

2. House / land 2

(...)

Ms)

3. House / land 3

(...Ms)

**5. Number of family dependents?**

- 1-3
- 4-7
- 8 or above

**6. Since when you are living in the neighbourhood / community of Company?**

- Less than a year
- Between 1 to 4 years
- More than 4 years

**7. How much Land do you or your father owns?**

- Nil or Less than 1 Acre
- Between 1 to 4 Acre
- More than 4 Acre

**8. What are your Fix Expenses (includes utility bills, health care, children education, food(seeds, pestisided) and commuting)?**

- Less than 5000 PKR / month
- 5001 to 12000 PKR / month
- 12001 to 30000 PKR / month
- 30001 and above / month

**APPENDIX-O (Cont)**

11/25/2014

[SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey

**9. What is your source of income?**

- Myself or family member's job in OMV
- Myself or family member's job in some other company (contractor or linked with OMV business)
- Commodities trade / agriculture
- From Feudal / landlord
- Other Source

**10. What was your source of income in 2004 or prior to that?**

- Myself or family member's job in OMV
- Myself or family member's job in some other company (contractor or linked with OMV business)
- Commodities trade / agriculture
- From Feudal / landlord
- Other Source

**11. Who is reality is benefitting from the company operations in this area?**

- Foreigners company owners
- Government of Pakistan
- Local community
- Non Local Pakistanis
- Local landlords / feudal

**12. What advantage do you have from the operations of this company in this area?**

- Good Roads and transportaion for you and your family
- Health care benefit to you, your family and cattle
- Jobs, business and technical knowledge to the poor of the area
- No advantage

**13. What do you think that company is contributing enough for the development of common man?**

- Excellent contribution
- Good Contributions

[https://www.surveymonkey.com/s.aspx?PREVIEW\\_MODE=DO\\_NOT\\_USE\\_THIS\\_LINK\\_FOR\\_COLLECTION&sm=PRdQrNw51TNzxdGwA6VGIzqqCup...](https://www.surveymonkey.com/s.aspx?PREVIEW_MODE=DO_NOT_USE_THIS_LINK_FOR_COLLECTION&sm=PRdQrNw51TNzxdGwA6VGIzqqCup...) 3/5



**APPENDIX-O (Cont)**

11/28/2014: [SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey

Average / Ethicaly justifiable  
 Below the expectations of local  
 Nil Contribution

**14. Company operations are most beneficial for ?**

Share holders / Owners	Pakistan Public / Government	Sindh Government	Locals	Land lord / feudals	None
<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**15. Do you think that company and landlord / feudal are party against you?**

Yes  
 No  
 Dont know / May be

**16. Company operations shall?**

Expand / Increase  
 Mainatain / continue with similar pace  
 Reduced / finished

**17. The best Practices and positive role in the area is being played by**

	Worst	Poor	Needs Improvement	Good	Perfect
Local Government	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Police	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Feudal / Landlord	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
CSR Department of Company	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Security Department of Company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**18. Is company fair in dealing with land acquisition and compensation with a common man?**

Yes

[https://www.surveymonkey.com/s.aspx?PREVIEW\\_MODE=DO\\_NOT\\_USE\\_THIS\\_LINK\\_FOR\\_COLLECTION&sm=PRdQnNw51TNzxhDgwA8VGJzqpCup...](https://www.surveymonkey.com/s.aspx?PREVIEW_MODE=DO_NOT_USE_THIS_LINK_FOR_COLLECTION&sm=PRdQnNw51TNzxhDgwA8VGJzqpCup...) 4/8

**APPENDIX-O (Cont)**

11/26/2014

[SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey

- No
- Dont know

**19. Is the company fair / equitable / justified / un biased in non technical / labor jobs allocation to local community?**

- No
- Perfect
- Some what / needs improvement
- NO

**20. Is the company practices fair in funding of local projects / micro financing?**

- No
- Yes
- Some what / needs improvement

**21. Is the company health care innititives for local people and their live stock enough and fair?**

- Biased / influeced
- Unbiased and enough
- Unbiased / Fair but limited

**22. Are you satisfied by the transparency of the company operations in terms of Local Community compensation, Lobar hiring and local contracts?**

- No (they are biased)
- Yes they are unbiased and fair
- Needs improvment

**23. Company has benefitted the powerful / feudal?**

- Yes alot
- Little bit
- No

**24. Company will fire its employee if he is found biased / influenced / corrupt?**

[https://www.surveymonkey.com/s.aspx?PREVIEW\\_MODE=DO\\_NOT\\_USE\\_THIS\\_UNK\\_FOR\\_COLLECTION&sm=PRdQnNw51TNzxtDgwA8V6JzqgCup...](https://www.surveymonkey.com/s.aspx?PREVIEW_MODE=DO_NOT_USE_THIS_UNK_FOR_COLLECTION&sm=PRdQnNw51TNzxtDgwA8V6JzqgCup...) 5/8

APPENDIX-O (Cont)

11/28/2014

[SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey

- Yes
- No
- May be / I dont know

25. Company hiring and compensation mechanism is clear, understood and known by all locals?

- No
- Fair level / medium
- Yes

26. You suggest the company to interact with them (local community)?

- Directly with no intermediary
- Through Feudal / Landlord
- Through local / district government
- A combination

27. Company has elaborate mechanism to adress your grievance towards company?

- Yes
- No
- Needs improvement

28. What will you do if you have any grievance with the company (in sequence)

Act-1	INFORM SECURITY
Act-2	
Act-3	
Act-4	

29. Feudals and notables in the area are fair / sincere and sympathetic with you?

- No
- To some extent
- Yes

APPENDIX-O (Cont)

1/12/2014

[SURVEY PREVIEW MODE] STRATEGIC ALIGNMENT OF CSR IN LOCAL COMMUNITY RELATIONING Survey

30. What is your view about the dealing with the company?

- I want my due share
- I want more than due because company has **ALOT OF MONEY** to spare
- I want more than due as other have also got more than due
- I **WANT MONEY** which is not my right but others got it too

31. If your grievences are not adressed you will resort to ?

- Approach company concern people
- Approach local notable / feudal
- Approach local government / revenue department
- Block the road / force the company to adress your grievences

32. One suggestion for company?

NIL

33. If your grievance / claims are outstanding towards the comapany what actions will you take in order of priority?

Action-1	INFORM GOVERNMENT
Action-2	INFORM CSR
Action-3	SIT IN INFRONT OF COMPANY
Action-4	PROTEST
Action-5	APPROCH LOCAL FEUDAL
Last Action	APPROACH COMPANY

Done

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