CHAPTER - 3

REVIEW OF LITERATURE

About the Chapter

In this Chapter an attempt is made to present an overview of major efforts to understand and study the subject of Corporate Social Responsibility. Before embarking this scholarly study on the subject of Corporate Social responsibility it was very essential to collect , analyze and acquire information and insights on the concept and function of CSR from the evolutionary, historical perspective and contemporary perspectives with a detailed understanding of the growth and development of the field of CSR and an intellectual curiosity to explore relevant review of literature , the theory and method used, evolved and acquired by other scholars in the field both in the academic and business circles . This process inevitably enriches the similar efforts to be undertaken in future and provides understanding on the topic both in breath and length under specific dimensions of the research problem under study.. In this chapter therefore series of literature highlighting historical, evolutionary, contemporary, and future perspectives on CSR based on the theoretical and empirical research findings collected from various secondary sources have been compiled for the purpose of conceptual framework and grasp of the topic in its present research framework.

The exercise of reviewing literature helps in identifying the problem within a theoretical conceptual framework and informs the researcher about practical, empirical and methodological constraints that one may encounter in a particular line of research, It also shows the ways of overcoming them. Apart from this, it also helps in avoiding overlaps and duplication. That is to say, if a particular theme has been researched in depth and at length over a period of time by other scholars, it be best avoided to save time and resources. But themes that still contain and indicate scope of further in depth study because of the vastness of an area of study , where fewer researchers are undertaken and if it can prove to be supportive and useful it must be taken up. This can be an opportunity for detailed study on the said topic provided it holds a possibility of cumulatively conducive study. The Literature has been reviewed from primary secondary and tertiary sources to respond to the major objectives of the study

The first section present major theoretical views on the concept followed by theories, approaches, models, perspectives, views and important studies

1. THEORETICAL VIEWS

1.1 The purpose of the literature reviewed is to explain the evolution of ethics and social responsibility in organizations and to present some framework for analyzing ethical discussions. Since many year theorists have talked about the organizations responsibility to society. Corporate social responsibility focuses on what an organization does that affects the society in which it exists. More recently managers and theorists have broadened their concerns to include basic ethical questions such as" How should we live in relation to each other? Ethics and Social responsibility are concepts that are fundamentally about the quality of our relationships over time. The Stock market scandals in the US and Japan, the corruption between business and Govt in Italy, the possibilities and consequences of new technologies, and the increasing interplay of different cultures are just some of the issues that have brought questions about the social responsibility and ethics of business to the forefront. Where does Corporate Social Responsibility begin? What is it? How to address it? What is requires and where does it end? To answer these questions we need to take a closer look at different views of corporate social responsibility and responsiveness that have developed over the past century.

1.2 Andrew Carnegie : In 1899 Andrew Carnegie (1835-1919) founder of the congolomerate U.S. Steel corporation published a book called The Gospel of Wealth which set forth the classic statement of Corporate Social Responsibility. Carnegies view was based on two principles : the charity principle and the stewardship principle. Both were frankly paternalistic, they saw business owners in a parent like role to childlike employee and customers who lacked the capacity to act in their own interests. The charity principle required the more fortunate members of society to assist its less fortunate members, including the unemployed, the handicapped, the sick and the elderly. These unfortunates could be aided either directly or indirectly through such institutions as churches, settlement houses, and community chest movement. The stewardship principle derived from the Bible, required businesses and wealth individuals to view themselves as the stewards or caretakers of the their property. Carnegies idea was that the rich hold their money in trust for the rest of the society and can use it for any purpose that society deems legitimate.

However he also saw it as the role of the business to multiply societal wealth by increasing its own through prudent investments of the resources under its stewardship. The trusteeship concept advocated by M.K. Gandhi in India is something very similar .He advocates benevolent, paternalistic leadership and has identified seven best uses to which millionaire can devote the surplus of which he must regard himself as the only trustee.

1.3 Milton Friedman : In the 1970amd 1980's the convergence of a number of economic forces led some scholars to reexamine the notion of corporate social responsibility . Business was reeling from the one-two punch of rising energy costs and the expense of complying with legislation designed to reduce pollution, protect consumers, and ensure equal opportunities. According to Friedman ; There is one and only one social responsibility of business : to use its resources and energy in activities designed to increase its profits so long as its stays within the rules of the game and engages in open and free competition, without deception and fraud. Friedman contends that corporate officials are in no position to determine the relative urgency of social problems or the amount of organizational resources that should be committed to a given problem. He also insists that managers who devote corporate resources to pursue personal, and perhaps misguided notions of the social good unfairly tax their own shareholders , employees and customers. In short he argues businesses should produce goods and services efficiently and leave the solution of social problems to concerned individuals and government agencies. Friedman's views represent one extreme on a continuum that recognizes some division of social responsibility amount the various segments of society, including government and the business community. Most managers and other people believe that both the government and the business community do have some responsibility to act in the interest of society. As the two most powerful institutions in the country, the sheer size of the business and government obliges them to address problems of public concern. Both corporations and government depend upon acceptance by the society to which they belong. He has proposed the following arguments

Business executives have no special competence to directly promote the general welfare. And since they are not democratically elected and are not accountable to the general public, business executives should not impose their own vision of the public good on the society. b). When business sacrifices profits for the sake of promoting social ends, they are violating the rights of the shareholders, an in effect stealing their money.

1.4 Wang & Coffey : also hold a similar view, when they say that business has no democratic mandate, historic role or to further basis for legitimacy in this area. Any choices made by them eg. To back one type of cause or another, are not sanctioned by any agreed system of legitimacy and end up reflecting the interests , prejudice and aims of current corporate leader.

1.5 Heyek and Heilbroner : also express similar view in his well known essay " In the name of profit " Task force set up in the USA as also the Libertarian Party in the USA is known to have taken similar position on the subject.

Friedman's views did not last long he ultimately lost the CSR debate which for **John Kline** "has been resolved in favour of an expanded social contract for business (1985)While his profits are everything philosposhy has been historically invoked by CSR advocates as exemplary of free market thinking gone wrong.

1.6 Keith Davis : advocated that social responsibility has emerged from an enlightened self interest where organizations realize that it is in their own best interest to act in ways that community considers socially responsible. He state that there is "an iron law of responsibility which states that in the long run whose who do not use power in a manner that society considers responsible will tend to lose it. So it may be that it is in the enlightened self-interest of organization to be socially responsible or at least responsive to social forces

1.7 Tom Cannon : holds the view that society and corporation or business have to coexist and have a mutually beneficial relationship. Business is expected to create wealth, supply market, generate employment, innovate and produce a sufficient surplus to sustain its activities and improve its competitiveness while contributing to the maintenance of the community in which it operates. Society is expected to provide an environment in which business can develop and prosper, allowing investors to earn returns while ensuing that the stakeholders can enjoy the benefits of their involvement without fear of arbitrary and unjust action. Business depends for its survival and long term prosperity on society providing the resources-people, raw materials, services and infrastructure. To convert the raw material into profitable goods/services it needs these inputs from the society. Business relies on society. A). Supplying a mean of exchange –typically money to allow it to convert the goods it produces into assets

b). Without a legal judiciary and a policing system, business could not be certain that it was safe to enjoy the rewards of its enterprises).

1.7.1 Trade agreements and defense are needed to ensure long term stable trading conditions.

SOCIETY provides	BUSINESS provides
Means of exchange	Products and Services
Trained Manpower	Direct and Indirect Employment
Legal and Banking systems	Income Generation in terms of wages dividends, taxes , interests.
Social Infrastructure like Road, School, Hospitals etc	

In addition to the above, with the advent of the Joint stock company society grants to business two very special rights to assist business in performing its role The social responsibility grid has two dimensions. "Concern for Ethics" and "Concern for Profit". The phrase concern for is used to convey 'how' managers are concerned about two dimensions of the concept _ the first is Potential Immortality and the second is Limited Liability. Thus according to Cannon, in return for these special privileges begin granted to business it does have a responsibility to fulfill to the society/community at large.

1.8 Robert Ackerman : Was among the first to suggest that responsiveness not responsibility should be the goal of corporate social endeavours. The study of corporate social responsiveness – how organization become aware of and them respond to social issues –take two basic approaches. On the one hand, it deals with how individual companies respond to social issues . On the other hand the theory deals with the forces that determine the social issues to which businesses should respond. These two approaches can be combined to classify the ways in which corporations can and do responds to specific social issues. Ackerman pointed out that corporate response to social issues has a life cycle, starting with corporate recognition of the problem, continuing through study of the problem and consideration of ways to deal with it, and concluding with the implementation for a solution. Implementation often comes slowly and at some point a company may lose the initiative as Government or public opinion forces it to act. Ackerman advises mangers to be responsive to problems early to retain the largest amount of managerial discretion.

1.9 Archie Carroll (1979) : Combined the philosophical ideas of social responsibility and social responsiveness into a single theory of corporate social action called corporate social performance. According to this theory the arena of social responsibility debates is shaped by economic, legal, and ethical principles.

In this country for example we support free enterprise (an economic principle) the publics right to a safe workplace 9 a legal principle) and equal employment opportunity (an ethical principle)Together these principles create a "social contract "between business and society that permits companies to act as moral agents. At individual companies mangers try to implement the principles of the social contract in their decision making processes and in their company policies. Their decisions and policies can reflect one of four stances

- **Reactive** – the company responds to a social issue only after it has challenged company goals
- **Defensive** – the company acts to ward of a challenge
- **Accommodative** – the company brings itself into line with government requirements and public opinion
- **Proactive** – the company anticipates demands that have not yet been made.

Theories of Corporate Social Responsibility which are extensions of theoretical views with few changes , modifications and added dimensions are presented below

2. THEORIES OF CORPORATE SOCIAL RESPONSIBILITY

2.1 Political theory :The political theory of corporate social responsibility is based on the assumptions about the "motivation of public officials and corporations. Political decision makers orient their behaviour towards constituencies that can provide valuable resources. Elected officials seek resources that can help them get reelected. Appointed officials seek political support to perform their jobs effectively.

2.2 Social Contract Theory: The earliest elements of the notion of the existence of a social contract are found in Platos the republic.

However the social contract theory developed in Philosophers such as John Locke(1632-1704)and Jean Jacques Rousseau later expanded on Hobbes work and developed it towards different directions. A social contract with implicit or explicit terms is conceived to exist between the organization and the public at large not merely its shareholders.

2.3 Freidman (1962) : prescribed that an organization sole responsibility was to maximize profits were viewed as a measure of legitimacy.

2.4 Stakeholder Theory : Stakeholder theory which Mc.Williams (2001) called the "dominant paradigm in CSR, originated in response to one of the CSR's most noteworthy critics, eminent economists Milton Friedman.

2.5 Freeman (1984) : focused on the stakeholder view and propounded six important stakeholders to whom firms should be responsible viz owners, employees, customers, suppliers, communities, governments. Other scholars included that natural environment as an additional stakeholder (Carroll and Buchholz, 1999-2000)

2.6 Donaldson and Preston (1995) : created a well known stakeholder theory typology to argue fro stakeholder engagement as an essential management tool.

2.7 Need Satisfaction Theory: A useful concept in determining the value of any good or service is the benefits minus burdens equals need satisfaction theory. Thus the benefits of governmental regulation should exceed the burdens imposed if the regulation is to have any value or need satisfying ability. Of course it is difficult to quantify the benefits and burdens but it might be useful to describe the benefits and burdens of governmental regulations

2.7.1 Benefits : Government provides protection to business eg. National security, police, fire and others Government provides political stability which makes it easier for business to plan for the future

Serves as a customer of most businesses. For many businesses government is the biggest customer Government deals with social and economic problems that individual firms cannot solve, such as tariffs, inequitable distribution of income, right to privacy and others.

2.7.2 Burdens : Excessive taxes dampen innovation, some regulations have trivial problems, conflict in regulations between various regulatory agencies which are selfishly regulated for regulated interests rather than for public interest.

2.8 Economic Theory of Self Regulation : In addition certain CSR activities represent corporate self regulation. In general terms , these most commonly are environmental and ethics efforts. A more specific list of self regulatory activities would include the adoption of business ethics codes or codes of conduct, efforts to ensure racial, ethnic, and gender diversity, transparency and accountability measures compliance with labour laws and protection of human rights.(CV Baxi and Nazi chaddha, Corporate Social Responsibility concept and cases 2005)

2.9 Social Aspects of CSR(Prasad Ajith and Baxi CV 2005) : Social CSR aspects are as follows Human rights ,Labour, Consumer protection ,respect for national sovereignty and local communities , which is the basic thrust of Social Work and is also embedded in various theories and models of CSR

3. MODELS OF CORPORATE SOCIAL RESPONSIBILITY

3.1 Over the last several decades common understandings of CSR evolved from discrete concerns about specific functions to a holistic business strategy. Approaches to CSR span along a philosophical continuum. From a concern for others to an interest only for the business and its profits, very few companies are located on the extremes. Most companies combine a variety of beliefs and methods when implementing a CSR policy (Lyons 2001). Most policies and practices contain a mixture of motives. A more accurate understanding of alignments is offered by the following four models drawn from **Burlingame and Young (1996).**

3.2 Neoclassical/Corporate Productivity Model : The Neoclassical/Corporate Productivity model represents an approach to CSR as a component of an overall profit motive. This approach is most closely affiliated with the economist Milton Friedman. Friedman (1970) articulated a backlash to the growth of unchecked and unquestioned demands for CSR. He argued that the goal of business is to bring profit to its shareholders and anything – such as nebulous issues of social responsibility and corporate citizenship – which detracts from this primary goal should be avoided.

What is not often included when this argument is paraphrased was Friedman's caveat that socially responsible activities should be strongly encouraged when they brought increased profit to the firm or direct benefit to its employees (thereby intensifying their work outputs and quality). In this way, companies could focus on their most important role as a market rather than political or social force. Nonetheless each act of CSR contains the pragmatic acknowledgment of each sector's dependence on another for their continued health (Nevin-Gattle 1995:2). Even proponents of CSR must question whether an excessive focus on these issues limits a company's ability to leverage its market success. Critics might state that: 'Socially responsible initiatives may be seen as an undisciplined double tax on a firm, a tax that leaves managers unfocused and investors frightened' (Margolis & Walsh 2001:7).

3.3 Ethical Model : The Ethical model is best described as a citizenship approach that respects the interwoven relationship between the company and its community. According to Fieser "Business ethics examines moral controversies that commonly arise in the business world. Resolving ethical needs to take into account legal and moral aspects. Ethical CSR involves fulfilling the firms ethical duties, articulation, interrogation of core values, stakeholder interaction, social audit and other forms of social performance measurement and reporting. This is social responsibility in the sense that corporation is morally responsible to any individuals or groups where it might inflict actual or potential injury (physical , mental, economic, spiritual and emotional) from a particular course of action. Even when the two parties to a transaction aren't harmed other parties (stakeholders) might be. Any organization not adhering to its ethical responsibilities would be acting as a morally irresponsible agent . Although harms cannot always be avoided they should be minimized where feasible. In this scenario, companies may be created, motivated or sustained by their philanthropic outlook. Very few companies fit this model for all their CSR activities, but many direct particular efforts such as corporate giving in this direction. While family owned firms might have commercial dimensions to their CSR strategies, they often take an ethical or often religious approach to their CSR philosophy (Logan 1997). Other firms engage in business with an overt social or environmental goal, including The Body Shop, Australia's Sanitarium or the American ice cream company Ben and Jerry's. While these firms provide CSR ideals, most companies prefer guidance from more mainstream' firms (Fieser& Zadek 2000). Increasingly, companies may use components of this model to define their corporate communications and goals but not their overall practice and performance.

3.4 Altruistic Model : The term altruistic or humanitarian CSR involves possible personal or organization sacrifice. Humanitarian CSR is Caroll's fourth dace of CSR philanthropic responsibilities, the implied concept of corporate citizenship if fundamental to the notion of giving back to society. The term altruistic or humanitarian CSR has been coined to suggest genuine optional caring even at possible personal or organizational sacrifice. Humanitarian CSR is engaging in philanthropic activities to be a good corporate citizen by giving back to society, furthering some social good , regardless of whether the firm will financially reap what it has spiritually sown. The business has no moral obligations only alleged social obligations. Humanitarian CSR is based on capability responsibility –i.e the company has its own sources to be able to do social good. It is also referred as role related responsibility- companies and professionals are participants in the social contract but there is no causal responsibility. Humanitarian CSR includes all philosophies , policies , procedures and actions intended to enhance societies welfare and improve the quality of life, and it involves linking core competencies to societal and community needs. Altruistic CSR then goes beyond ethics to somehow making the world a better place by helping to solve social problems. Unlike strategic CSR, where it is believed that the money put into good works will yield a return of investment for the business , with altruistic CSR this is not the motive. There is a great danger in expecting corporations to take upon themselves the production of public welfare because they already have enormous power and not answerable for its use the general public. Politicians are elected by the public and are expected to have the common good as their end. We should not expect corporations to do what they are neither competent nor organized to do. The end of the matter is that altruistic social responsibility is neither in the proper domain of business nor of government but only of individuals often working collectively. The kind of help provided by these groups in on a small and human scale.

3.5 Political Model : The Political model involves using proactive CSR policies to offset government involvement and allows the company to protect its interests in the public policy sphere. This model most obviously represents the American approach to minimizing taxation, legislation and regulation by either self-regulating or creating innovative, alternative programs. One theorist contends, 'Business leaders recognize that maintaining the freedom for business to grow and prosper requires a reciprocal obligation to promote the economic and social development of the nation,' (Logan 1997:65).

This style of corporate activity could be seen in the discussions of new Australian approaches to a social coalition (McClure 2000). A government can choose to foster a climate that is hostile towards, or supportive of, corporate giving (Beesley & Evans 1978). The more complex the interaction between business and society becomes, the greater the need for transparency and accountability. Many modern firms acknowledge this complexity by considering the economic, social and environmental consequences of their business – not to design compensatory actions, but rather as a more holistic, systemic philosophy tied to their firm's mission. These complexities are particularly important when deciding how a company will design its CSR philosophy. This model assumes that businesses can take active measures to ensure that they decide how to operate in their best interests.

3.6 Stakeholder Model : The Stakeholder model seeks to balance the competing demands of the various groups that support a company, including customers and shareholders. The concepts of Triple Bottom Line accountability and corporate citizenship are most clearly represented by this model. This model proposes a system of consultation, communication and evaluation whereby all stakeholders, not just shareholders, are considered to be valued participants in the company's well being.

3.6.1 New research on the connection between corporate social and financial performance supports the clear relationship between complementary success in each area (Margolis & Walsh 2001). Proponents of this style of CSR often use arguments geared toward financial, market, human resource and reputation indicators (Zadek & Weiser 2001; Peters 2001). While the components of the other models may exist within this model, a focus on stakeholders is gaining clear support in the corporate sector. Despite increasing supportive research, and the ability to demonstrate that detractors like Friedman can be shown to support CSR, there are opposing voices to the widespread promotion of CSR and the advocacy of cross-sector collaboration.

3.6.2 Henderson (2001) argues that recent widespread focus on CSR ignores the essentials of the market economy and presents a maze of jargon and trends. He argues that worldwide economic and social 'alarmism' is falsely directed at the corporate sector. In responding to societal expectations, companies are too quick to appease the concerns put forth by the anti-business NGO's. Henderson asks the corporate sector to pause and consider the regulatory, economic, political and legislative ramifications of their uncritical acceptance of the concepts of CSR.

He reminds us that there are certain functions not appropriate for companies, in good times or bad. In an explicit critique of 'stakeholderism', Gregg (2001:35) further argues that CSR 'disrupts the moral relationship' and contractual understandings between employees, customers and owners.

3.6.3 From a different perspective, critics such as Hertz (2001) and Klein (2001) express concern about a growing influence and corporate presence in society. In her work, Klein demonstrates the expansion of corporate and brand identification into all facets of society. Her work challenges the increasing corporate economic and social power and the implications of this form of globalization. However, it can be suggested that the oppressive nature of brands can be offset by their usefulness in demanding they engage in CSR to uphold their image (Hogarth2001). Hertz draws a more explicit connection to corporate influence on society by suggesting that companies should not assume social welfare funding roles once held by government and the community sector Both Klein and Hertz offer a perspective that challenges the scope of corporate power and influence. This is especially important after a period of corporate prosperity when companies could afford to invest in their CSR strategies.

3.7 Strategic Model : Strategic CSR is evolved to accomplish strategic business goals. Such strategic philanthropy grew popular around the mid 1980. Caroll expects it to grow in the years ahead, socially responsible behaviour involves sacrifices. Strategic CSR or strategic philanthropy is done to accomplish strategic business goals –good deeds are believed to be good for business as well as for society. With strategic CSR corporations give back to their constituencies because they believe it to be in their best financial interest to do so.. Stakeholder outside the stockholder groups are viewed as means to the ends of maximizing shareholders wealth. Such strategic philanthropy grew popular beginning around the mid 1980s and Caroll expects it to grow in the years ahead. The idea is that while being socially responsible and ethical too often entails short run sacrifice and even pain, it usually ultimately results in long gain. Expenditures on strategic CSR activities should properly be viewed as investments in a Goodwill Bank which yields financial returns For instance Ford spent millions of dollars on an advertising campaign to convince parents that most 4to 8 year old children should ride in booster seats, which raise children in auto seats so that adult sea belts fir better, and Ford gave away one million such seats. The goodwill generated among customers, government regulators and consumers advocates from such efforts might likely justify the investment.

3.8 Economic Model : According to the traditional concept of business a firm exists to produce quality goods and services, earn a reasonable profit and provide jobs. In line with this concept, the economic model of social responsibility holds that society will benefit most when business is left alone to produce and market profitable goods that society needs. The economic model has is origin in the eighteenth century. Competition was vigorous among small firms and short run profits and survival were the primary concern .Moreover profitable firms pay federal state and local taxes that are used to meet the needs of society. Thus managers who concentrate on profit believe that they fulfill their social responsibility indirectly through the taxes paid by their firms.As a result social responsibility becomes the problem of government, various environmental groups chartable foundations and similar organization.

3.9 Socio-Economic Model : In contrast some managers believe that their responsibility is not only to stockholders but also to customers, employers , suppliers and general public. This broader view is referred to as the socio economic model of social responsibility. It places emphasis not only on profit but also on the impact of business decisions on society. Recently increasing number of managers and firms have adopted the socio economic model and they have done so for three reasons. First business is dominated by the corporate form of ownership, and the corporation is the creation of society. If corporation does not perform as a good citizen, society can and will demand changes. Second, many firms have begun to take pride in their social responsibility records among them Starbucks coffee, Hewlett Packard, Colgate Palmolive and Coco- Cola. Each of these companies is a winner of a Corporate conscience award in the areas of environment concern. Third many business people believe that it is in their best interest to take the initiative in this area. The alternative may be legal action brought against the firm by some special interest group, in such a situation the firm may lose control of its activities.

Researchers views : The models of CSR described above demonstrate a range of approaches and beliefs. Although a company can employ various strategies of community involvement, one might argue that actions that benefit the company's bottom-line should not be labeled as such. New approaches towards strategic philanthropy, directed partnerships and stakeholder approaches may allow for a greater connection with existing community, public and non-profit efforts, with increased transparency of motive.

To decide on the parameters and legitimacy of CSR for a publicly held enterprise we need to draw distinctions between three different types of CSR a business can practice. Although the threefold classification of CSR does not explicitly appear in the literature there appear to be three mutually exclusive types of CSR based on their nature (required vs. optional) and purpose (for stakeholders good, firms good or both)ethical CSR , altruistic CSR and strategic CSR. Ethical CSR is morally mandatory and goes beyond fulfilling a firms economic and legal obligations to its responsibilities to avoid harm or social injuries even if the business might not benefit from this. There is nothing especially commendable about this level of fulfillment of social responsibilities since it is what is ordinarily expected in the realm of morality. Ethical CSR entails a negative injunction to avoid and correct activities that injure others. Some would say that CSR is most noble when it fulfills alleged altruistic responsibilities. (Altruistic, humanitarian, philanthropic) CSR involves contributing to the common good at the possible, probable, or even definite expense of the business. Humanitarian CSR has firms go beyond preventing or rectifying harm they have done (ethical CSR) to assuming liability for public welfare deficiencies that they have not cased . this includes actions that morality doesn't mandate but which are beneficial for the firms constituencies although not necessarily for the company. This is the pursuit of affirmative duties, the affirmative pursuit of some good. It can however be concluded that altruistic CSR, although appearing noble and virtuous, lies outside of the firms proper scope of activities. It is probably for this reason that altruistic CSR is relatively rare. Strategic CSR with the fulfillment of a firms social welfare responsibilities is however, admirable since it creates a win win situation in which both the corporation and one or more stakeholder groups benefit. Thus the researcher has focused more on the problems and issues of strategic CSR which firms practice instead of humanitarian .

4. RECENT MODELS OF CORPORATE SOCIAL RESPONSIBILITY

4.1 Corporate Social Responsibility must be in tune with the imperatives and that is why all initiatives in this score must be stakeholder oriented and driven by business interests if they are to be sustainable. Gupta Dipankar (Corporate Social responsibility Concept and Cases 2005,25) proposes three models of CSR

- Competency Driven Model
- Community Driven Model

- Consumer Driven Model

These three models are not hermetically sealed units as there are frequently overlaps between them. Nevertheless it can be maintained that the area of emphasis id different for each one of them and is important to separate them analytically

4.1.1 Competency Driven model of CSR : In the Competency driven model the company reaches our to the society by depending on its core competencies . In doing so, it helps create potential stakeholders, and also adds to evolving higher efficiency standards. In such instances of CSR the company develops deep into the firms bag of core competencies in its corporate outreach. In doing so, it finds new areas where its competencies can be manifested and fresh circumstances that challenge its established routine. Taken together they add up to higher performance levels within the organization as well provided one is willing to learn. Examples of competency driven CSR are many. When Lipton Company in Etah decided to help set up veterinary hospitals in the region from where it got its milk supplies, it helped the dairy farmers within its area of operation as well as itself. There was a greater awareness of how best to increase milk supplies and of he best ways of improving the quality of milch cattle . Excel and agrobased enterprise took upon itself to recycle garbage in Mumbai and thereby added a new dimension to its core competency besides helping clean the city. Tata hotels have used their knowledge in food, beverage and room management to help poor people cook nutritious food at lower costs and run rehabilitation homes. Several IT companies like WIPRO, INFOSYS and RELIANCE INFOCOMM have set up computer literacy programmes . Multi national drug companies like Pfizer, are interested in supporting hospices that challenge their existing competency in drug manufacture.

4.1.2 Community Driven model of CSR : In community driven CSR, organizations invest in social welfare but again with a business interest. For example , TELCO and Tata Chemicals have created recreational facilities around artificial lakes that are filled with water purified form industrial effluents. By committing themselves to enlarging public facilities of this sort, several Tata companies are committed to subscribing to a sustainable form of CSR. IKEA, the Swedish home furnishing multinational, has set up bridge schools in carpet belts in east Uttar Pradesh as it sources a lot of material form there. IKEA is committed to keeping units it has business relations with free of child labour. By establishing such schools, it tries to create incentives for parents to keep their children away from the job market.

Such instances need not just be limited to private companies. Sugar cooperatives in Kolhapur, Maharashtra that have helped construct dams to improve irrigation for farmers supplying cane to them, have in the process become more aware of production processes and technologies. Some cooperatives have also set up schools and technical institutions where children of small shareholders can be trained and later absorbed in organizations workforce.

4.1.3 Consumer Driven model of CSR :

It is now widely recognized that consumer pressure has made a great difference in sensitizing companies to the needs of stakeholders. But what must be acknowledged in addition is that CSR can also help in raising consumer standards and expectations.

In this process not only is the consumer benefited but the company too can hike up the competition in its own market sector. For example if a cloth producing company insists that it will purchase cotton only when there is no child labour expended in fertilizing cotton seeds, or when the cotton is produced in an environmentally friendly fashion with the help of what is called integrated pest management, it immediately puts other companies that are not thinking on these lines under severe pressure. It has both and edge over them and the satisfaction of adding to knowledge, and the general environmental well being. Likewise a firm can also insist that it will not buy parts from a producer that does not meet with the highest standards of compliance regarding working conditions, wages and benefits, and pollution standards. Its steadfastness in such matters can also raise the expectations of its consumers who will baulk at the suggestion that some of what they consume has been produced under unacceptable conditions. Or an enterprise may decide to purchase from cooperatives set up by marginal communities, or contract with service providers that come form backward sectors of the society. This also adds to the companys profile with its consumers, but again in a manner that affects the working of the organization in an intrinsic fashion. These are some of the ways in which a company can have sustainable CSR.

Researchers View Point : Each company differs in how it implements Corporate Social Responsibility. The differences depend on such factors as the company's size, sector, culture and the commitment of its leadership. Some companies focus on a single area the environment for e.g. community economic

development while others aim to integrate a CORPORATE SOCIAL RESPONIBLITY vision into all aspects of their operations.

Lastly it is imperative to understand what models of social work prevail for effective interventions with workers, employees and communities. A detailed discussion succeeds on the models of occupational social work and social work practice in Business and Industry.

5. MODELS OF SOCIAL WORK PRACTICE IN BUSINESS AND INDUSTRY

5.1 Shank and Jorve identified three models of social work practice in business and industry which are as under

- The employee service model
- The consumer service model

5.1.1 The Corporate Social responsibility model : The third model of practice the corporate social responsibility model, places the social worker in the role of assisting corporations and businesses to make a commitment to the social and economic well being of the communities in which they are located. The social workers consult with management on their policies concerning human resources, donations to non profit organizations, and social legislations they may wish to support. In addition social workers may administer health and welfare benefit programmes for employees, represent the company in research and community development activities and provide linkages between social service, social policy and corporate interests. Drawing on previous work in the filed, Straussner has developed typology of five models of occupational social work (Straussner, 1990)

6. MODELS OF OCCUPATIONAL SOCIAL WORK :

6.1 Occupational Social Work has evolved to produce a level of homogeneity in several distinct practice traditions. These traditions spring from three different populations with which organizations interface- employees, customers and local communities (De Silva [1998] Shank [1985]). This thought has in-fact helped the authors to distinguish among employee assistance, customer assistance and corporate public-involvement traditions in social work. Occupational social work has embraced five different models of practice. They are as follows.

6.2 The employee assistance model : The best known and most rapidly developing model of practice in the world of work is employee assistance or employee counseling. Kurzman (1987). This form of occupational social work is characterized by policies, procedures and counseling-oriented services to identify or respond to employees with personal, emotional or behavioral problems, especially those interface with their performance at work. Masi (1984), Ozawa (1980), Smith (1988a). It also can be a vehicle for the proactive advocacy of health-promotion and disease-prevention programmes Straussner (1990). Regardless of auspices, the employee assistance model relies on a number of traditional roles of social workers, including counselor, mediator, advocate and broker, in addition to the occasional roles of teacher-trainer or "constructive confrontation".

6.3 The employee-work organizations service model : Increasingly in the United States, occupational social work reflects forms of practice, in which the primary unit of intervention is the work organization itself, rather than employees or members. Straussner (1990) pointed out that this model is oriented to promoting broad-based policies and services that are sensitive to the interests of the needs of the work force. This model was more extensively used in Europe than in the United States. Googins (1987) i.e. polices related to AIDS, Finch & Ell (1988) company relocation policies Akabas, Fine & Yasser (1982) and services innovative and forward – thinking retirement, partial – retirement and pre-retirement programmes Habib &Gutwill (1985) The most common roles of practitioners in this forms of occupational social work include the consultant, evaluator-analyst, trainer programme developer and negotiator. Straussner (1990).

6.4 The customer service model : Historically, occupational social workers primarily concerned with members of the work force and their families. De Silvia (1988:284) argued that recognition should be afforded the large population of customers of consumers who need services as a result of their interaction with and dependence on business and industry. He pointed out that "industrial organizations have begun to respond to special needs for the customers by developing a wide range of services unique to their business." The typical roles of parishioners are counselor, programme planner, consultant and advocate. Straussner (1990)

6.5 Corporate public – involvement model : The corporate public-involvement model embraces practice designed to assist corporations and business to make commitments to the economic and social well being of the communities in which they operate. De Silvia et.al. (1982). Historically, one of the most common vehicles through which both business and social workers have attended to these issues has been the united way. Bruke (1987) advocated that business is providing much of the leadership and incentives during the fund drives whereas social workers are providing the technical expertise and administering and staffing participating agencies. Titles for social workers who are active in this model include charitable allocations analysts, urban affairs advisors, corporate social responsibility director, community relation's consultant and community service coordinator. Practitioners role include community analyst and planner, budget allocator, programme developer, broker, advocate and negotiator (Strraussner, 1990).

6.6 The work – related public policy model : Straussner (1990) defined the work related public model in terms of "formulation, identification, analysis and advocacy for those public or governmental policies, programmes and services which directly or indirectly affect the world of work". Briar (1987), for example argued that as a question of fundamental human rights and profound human costs, unemployment is increasingly recognized as a social work issue". It is therefore appropriate for social workers to attempt to influence the government policy on a so vital topic.

Let us now briefly look into the various approaches in CSR from the pre industrial contemporary modern LPG scenario

7. APPROACHES TO SOCIAL RESPONSIBILITY OF BUSINESS.

7.1 It is noted earlier that ever since the work of Bowen, the concept of Social Responsibility of Business has undergone a radical change. From time to time the varieties of approaches have been propounded to explain the ever changing perception of people about Social Responsibility of Business. Herein, an attempt has been made to crystallize various approaches of social responsibility of business.

welfare and viewed them in a mechanistic frame work.

7.2 Classical Approach : Adam smith presented a classical viewpoint and has strong belief regarding social responsibility that in a capitalistic free enterprise economy an invisible hand is continually at work for the good of the public. It is the invisible hand-the competitive system itself that protects the society.

The classical theorist believed that the values of capitalism originate when business selfishly pursues its profit objective while competing with other business, the system forces it to be efficient and to produce the best possible product at the lowest price.

7.2.1 They further stated that business should produce what people need and they deal fairly and honestly with the public. Any action contrary to this will result in a loss of customers to competing companies. The need for a good public image required companies to be fair in dealing with their employees and free competition for jobs encouraged employees to be efficient and productive.

7.2.2 The critics of classical approach believed that apart from all the benefits, the system is basically amoral; it leaves no room for the expression of values like love, mercy, and compassion, concern for the individual and deep commitment to codes of personal ethics. Further, free competition will destroy itself and monopoly will creep in, unrestrained trade was not considered good in public interest. Moreover, classiest believed that free competition exist only in theory, not in practice. The influence of labor unions, suppliers of capital, raw material and energy severely disrupts the functioning of free market system.

7.2.3 The modern advocates of classical view emphasized that there is no substitute for private enterprise to protect the public interest and their primary concern is to prevent the total collapse of private enterprise system.

7.2.4 Joseph McGuire points out that capitalism is an open system that rewards individuals on the basis of merit and thereby encourages initiative and productivity, to refuse to employ members of a minority group, to allow bias, to influence promotion decisions, to provide and unsafe workplace or to deceive consumers is inconsistent with capitalistic ideology. Such actions are not in the self-interest of business. Thus, the delicate task of the master planners is to continue to prefect the system without destroying it.

7.3 Individualistic Approach : Henry Maas (1984) through the individualistic approach points social development and considers it as a process of personal growth and self actualization. His argument is that processes which enhance the functioning of individuals and results in their self-improvement also result in the improvement of society. Social Development thus operates primarily at the individual level, but if successful it creates more harmonious and responsible society.

He defines social development as a process in which people become increasingly able to interact competently and responsible. Mass further emphasizes that the more often they engage in socially responsive interaction the more likely they are to help to create a caring and sharing society. A critical assessment of this approach brings out that the argument that is social development different from the conventional activities of social workers, case workers and group workers who help individuals in their social and life experiences for better adjustment, personal growth and self actualization through counseling or organized group experience

7.4 Ideal Typical Approach : Talcott Parsons (1951) has brought out a scheme for the analysis of behaviour comprising five pairs of "pattern variables" each pair representing two polar types.

Hoselitz (1960) has adopted three of these (achievement vs ascription, universalism vs particularism, specificity vs differences) for the analysis of action relevant of growth. Action of the people in economically backward societies is marked by ascription (occupation and status being determined by birth rather than by merit). On the other hand universal values and specificity of transaction in economically advanced societies make the economy decomposable vis-à-vis the entire social system.

7.5 Psychological Approach : David C. McClelland (1961) has put forward and approach to development which is predominantly psychological . He has enunciated a type of mental readiness or preparedness which he sees as a precondition to development and modernization. According to him the "the take off" in history has been possible only when their numbers have been motivated by a will to act in a way which is more energetic rational and organized. McCelelland has called this urge to act in a more energetic way as the need for achievement which is one of the main theories of motivation as the first pre requisite to development. He sees this as a mental virus which can be infected in groups of individuals by conscious training and development programmes. He further argued that for keeping the achievement orientation in the right direction, it is really necessary that another social virtue like sense of public accountability or social welfare is cultivated among individuals along with creation of achievement orientation.

7.6 Diffusion Approach : This approach is laid down by Daniel Learner who while rejecting the dichotomy between spiritualism of countries of the east and materialism of the west, emphasizes that countries of the east also want a certain degree to materialism in terms of better homes, food, hygiene, education and opportunities for their children for development of their personality. According to him expectations of people of the underdeveloped countries should be met adequately and effectively in order to avoid frustration which leads either to regression or aggression. The most challenging problem to a dignified survival of the developing countries of the third world is to increase and update and invest in their human resources so as to able to contribute to innovative development. For this Learner has suggested that creativity and initiative of people of the developing countries of the third world war should be activised so that they may be able to move forward instead of remaining where they are in the case of traditional societies.

7.7 Accountability Approach : This approach recognizes the virtues of the market and seeks to preserve them and believes that business is chartered by the society and it should be accountable not only to stockholders but also to others like employers, customers, suppliers, creditors, the community and larger economy on which their success is dependent. The approach encourages employers to spend money to prevent air, and water pollution. This is one of the ways to repay the obligation of the society. It should not create social problems like discrimination against minorities, setting inflationary prices or exploiting the workers by paying low wages. It should preserve the beauty of nature, and also should not waste fuel. Each business should treat its public with fairness and consideration.

In the accountability approach, people are viewed as human beings and not as a cong in the machine. A due weight age is given to people, which classists were not giving. A more benevolent approach has been taken as other needs of people were given importance, broader outlook took shape.

Unlike classical thought, the advocate of accountability approach believed that the government is a necessary ingredient of the total system; one can not do away without it. One has to accept it and follow the letter of law. They also believed that with enough resources a man can control and manipulate the environment for which classists said that an environment is supreme and can destroy existence of man.

7.8 Public Approach :_The public approach of quality of life view goes beyond accountability approach by stressing the better standard of living for the society and greater welfare of the community. It has a wider perspective. In this context, Hay and Edmonds remarked: "The public view of social responsibility goes beyond mere accountability and portrays business as a partner with government, education and other institutions in solving society's problems and thereby improving the quality of life for every one. One goal of business is to make profit but business is not free to pursue selfish goals. A business which is committed to the public view sets genuinely altruistic as well as selfish goals. It actively works at solving public problems, such as poverty, unemployment, pollution. Inflation and crime

7.8.1 Galbraith opined that the obligation of business goes beyond paying its own way, because society has given business then right to function and has provided an environment favorable to profit-making business is a servant of public and is not private in a classical sense. Therefore, public has a right and obligation to control business for the public good. "Where the public interest is at issue, there is no natural right to be left alone"

7.8.2 But in opposition to this approach, it is believed that efficiency of business and the subsequent benefit to all the members of society laid in a limited business objective-in a commitment to profit. The introduction of social goals clashes with the traditional orientation of managers towards efficiency, competitiveness and profit. The traditional contribution is sufficient enough to justify the place of business in society.

7.8.3 Although current research data are not available to support or negate the contention, it is reasonable to believe that managers of companies, who have a few problems at the accountability level will be more favourably inclined towards a more altruistic view point than will managers of companies that have difficulty in meeting minimum requirements.

7.9 Trusteeship Approach : Gandhi explained his concept of trusteeship this "For those who wish to follow the latter (non-violent) way the best and the most effective Mantra is enjoy the wealth by renouncing it. Expanded it means earn your crores by all means (not by any means). But understand that your wealth is not yours: it belongs to the people. Take what you require for your legitimate needs and use the remainder for the society"

Gandhiji believed that while all men are born equal and as such as entitled equal opportunities, all do not possess the same intelligence, capacity and willingness to work. People with talent and capacity for hard work should be encouraged to produce wealth. Hence, they should be provided with the requisite incentive and scope for initiative. It is for this purpose that under the trusteeship theory of Gandhiji, certain limited property rights are admissible-limited because such limitation will enable the society to effect wider distribution of property for providing equal opportunities to all its members and because originally property belongs to society and one has to hold it in trust for it

7.10 Brief Overview of Historical Dimensions :_A detailed Historical perspective both from the western and eastern countries has already been discussed in detail in the Introduction Chapter alongwith the concept ,philosophy, growth and development of CSR in the Indian context . However few conclusions emerging from the documentation of historical perspectives is discussed here.

7.10.1 There has been one clear lesson from History. Anglo Indian companies have often willingly taken on social obligations without the prompting of governments. Nor has corporate social responsibility been the preserve of only of a few do good inspired by religion. Company townships, such as Pullman in the US and Jamshedpur in India, were constructed , the argument being that well housed workers would be more productive than their slum dwelling contemporaries.

7.10.2 In the UK and the US, companies introduced pension and healthcare benefits long before governments told them to do so. Proctor and Gamble pioneered disability and retirement pensions (in 19150, the eight hour day in (in 1918) and most important guaranteed work for at least 48 weeks in a year (in 1920).

Henry Ford became a cult figure by paying his workers $5 an hour-twice the market rate. Henry Heinz paid for education in citizenship for his employees,

7.10.3 Tom Watsons IBM gave its workers everything from subsidized education to country club membership. Critics tend to dismiss all this as window dressing.

7.10.4 But Richard Tedlow, a historian at Harvard Business School, argues that we confuse the habit of capital markets with those of companies. Capital markets may be ruthless in pursuing short term results Corporations according to him have always tended to be long termist.

Most companies do good because they genuinely believe that taking care of their workers and others in society is in the long term interests of their shareholders. The majority of the successful companies have eschewed short termism in fovour of building to last. There are two reasons why acting responsibility is in the shareholders interest a). The first is that it builds trust, and trust gives companies benefit of doubt when dealing with customers, workers and even regulators. It allows them to weather storms such as lay off etc. The second is the edge it gives in attracting and retaining good employees and customers.

Thus it has been repeatedly observed that companies are most effective as social volunteers when they are doing things that are close to their shareholders interests. These interests clearly differ with sectors and industries in which the companies operate, oil companies clearly emphasize on building local infrastructure,

AVON company which sells products largely to women , is one of the worlds biggest supporters of breast cancer research.

The following are some of the landmarks in the history of Corporate Social Responsibility in brief .

- **Corporate Governance.** : The Indian Companies Act,1956 was amended to require companies to confirm to the provisions of a number of necessities that encompass best corporate governance practices.
- **Environment(Protection) Act [EPA] 1986.** : An Umbrella Environment (Protection) Act [EPA] 1986 was passed followed by amendments tightening laws relating to air and water pollution and in respect of hazardous activities.
- **Confederation of Indian Industries. :** CII set up the Social Development Council(SDC) 1995
- **In 1800,The Quakers Lead Company built towns in England for its workers**, schools and libraries for families and used water pumps to recycle water as part of its industrial process.
- **1928 :** The pioneer Fund, the first Socially Responsible Mutual Fund was founded
- **1960-1970 :** Social Responsibility investing experienced a rise in popularity
- **1990 :** issues like anti tobacco movement, treatment of workers and environmental protection.

- **1940** : Stanford Business School Professor Theodore Kreps used the term Social Audit for first time.
- **1960** : Shareholders resolutions had been used to successfully drive corporations to change their social practices.
- **1970** : Development on both environmental and social fronts.
- **1977** : ILO Tripartite Declaration represented first comprehensive and universally applicable international instrument.
- **1982** : United Nations charter for nature was passed.
- **1987** : the UN Montreal protocol signed by 24 countries.
- **1981** : UNEP,IUCN and WWF published the world conservation strategy.
- **1984** : Nestle agreed to abide by the WHO's code of marketing for breast milk substitutes.
- **1992** : Bruntland Rio Earth Summit Conference on Environment
- **1993** : Forest stewardship Council(FSC) was created.
- **1995** : United Nations World summit for Social Development held in Copenhagen
- **1996** : ISO Introduced its ISO 14000 environmental management systems.
- **2000** : The International Social and Environmental Accreditation Labeling Alliance[ISEAL] was established.

Today there are around 50,000 firms around the world that have obtained ISO 14001 registration.

- There are around 500,000 firms, which have obtained ISO 9001 Certificate. Companies began to publish "Social reports" or "Sustainability report. BITC's programme illustrates the broadening CSR agenda from 1980's. Emergence of CSR consultancy industry. 'Charities Aid Foundation' recently held a major conference in 2003. CSR is now subject to increasing media attention.
- Introduction of standards like ISO 28000 developed in Areas like:

- Consumerism Community needs Governmental relations Disadvantaged population Employees relations Stock holder relations Economic activities
- Introduction of CSR awards : TERI corporate environment and corporate social responsibility awards Red and White award: Social act of courage Social lifetime achievement award National award for social acts of courage Golden peacock award
- Towards the end of the 90s,the concept of corporate social responsibility, sustainability, stakeholder value, etc. have been of particular and increasing interest among politicians ,the population and the corporate sector in Europe .

This has brought about a multitude of activities aimed at developing tools that the companies can use for integrating social, environmental and ethical aspects of their business activities with policies and management-implementation system and reporting system which are discussed in the later section of the chapter.

8. TWO PERSPECTIVES ON CORPORATE SOCIAL RESPONSIBILITY

8.1 Should a corporation be socially responsible? The debate over this question can be simplified once we have reduced the issue to a pair of foundational but contrary **(World views – Communitarism and Individualism)**

8.2 Communitarism : According to communitarianism, society is more than the sum of the individuals in it. The community is organic. Society exists prior to any particular individual's existence. The corporation, a possession of the community rather than of individuals, holds a social contract with society from which it derives its power and, therefore, serves a constellation of interests. The communitarian ethic is based on the view that, in a socially interdependent society, no manager can act ethically without considering the claims of others. While managers have direct obligations to stockholders and employees, they must also recognize other claimants (e.g., customers, suppliers, and the community itself from which the corporation derives its existence).

8.2.1 Communitarians view communities and society as living organisms existing independently of their individual members and believe there is a general common will which separate from the wills of the individuals comprising them.

Communitarians believe that communities and society have moral significance and rights that are at least equal to the rights of individuals and that sometimes and somehow override individual rights. They fail to realize that a community or a society is not a being, is not capable of self-directed thought or action, and, therefore, cannot possess rights. They often speak of balancing the rights of individuals with the rights of the community.

In addition, they tend to view the state as the agent of social betterment and support laws that force people to serve communities and society by taking part in programs that some intellectuals, speaking for the community, have declared to be for the common good or in the public interest. Communitarianism stifles the decision making power of individual persons by subordinating their preferences to community purposes which tends to be the same as majority rule. The communitarian vision of self-interest is thus often defined in terms of community service.

8.2.2 Communitarianism is closely related to social contract theory and emphasizes the social nature of the corporation which exists as the result of a highly implicit and flexible contract that determines its duties and rights. The corporation is portrayed as responsible to and subject to the will of society (i.e., the people). Both the state and the law are creatures of society. Since, from the perspective of communitarians, corporations are created by the government which, in turn, owes its existence to society, it follows that corporations are actually made by society and are responsible to the public to serve whatever is deemed to be in the public interest or for the common good. Since the corporation only exists because of social permission, society is said to be able to legitimately demand that a corporation perform certain activities that the owners and managers do not wish to perform.

8.2.3 During the 20th century, society has been reassessing its expectations of corporations and has pressured them to balance profit-making with social responsibility. Communitarians believe that corporations should be socially responsible both out of gratitude for their existence and a moral sense of reciprocation for benefits received from society, including the purchase of their goods and services and the access to, and use of, public goods. In essence, the corporation is viewed as more like common property than as private property. Some communitarians even propose that the corporation be brought under government control to assure the common good.

8.3. Individualism : Individualism is the more realistic view that each person has moral significance and certain inviolable natural rights. Each person exists, perceives, experiences, thinks, and acts in and through his own body and therefore from unique points in time and space. It is the individual who thinks and has the capacity for original and creative rationality. Individuals' minds can interrelate but thinking requires a specific, unique thinker. The individualist assumes responsibility for thinking for himself and for acting on his own thought.

8.3.1 There is no such thing as the general will, collective reason, or group welfare apart from, and other than, that possessed by each individual in a group. A community or a society is simply the association of persons for cooperative action.

Under individualism, knowledge tends to be viewed as fragmented and widely dispersed. Each person is free to choose among systemically produced rewards, punishments, and opportunities arising from other free persons without being subject to the articulated judgments imposed by the state or other collectivities. Individualists rely upon the power of historically-evolved, unarticulated social processes such as free markets, tradition, language, values, common law, etc., which are evaluated based on their systemic features such as incentives and methods of interaction. While exhibiting little faith in social processes intentionally designed by any one individual or council, individuals do respect the experience of the ages as embodied in systemic processes.

8.3.2 Assigning primary emphasis to the individual does not devalue social cooperation. Humans are not only distinct individuals but also social beings. Cooperative action affords growth possibilities and brings benefits which otherwise would be unattainable by isolated individuals. Man's rationality allows him to cooperate and communicate with others. In a free society, all cooperative social ventures are entered voluntarily. In fact, individualism provides the best theoretical basis for a genuine community that is worthy of human life. The uniqueness and worth of the human person is affirmed when membership in a community is freely chosen by the individuals that comprise it.

8.3.3 Individualism denies that a community or a society has an existence apart from the individuals that make up that community or society. A community or society is a collection of individuals it is not some concrete thing or living organism distinct from its members.

To use an abstract term such as community or society is to refer to certain persons sharing particular characteristics and related in specifiable ways. There is no such thing as the general will, collective reason, or group welfare apart from, and other than, that possessed by each individual in a group. A community or a society is simply the association of persons for cooperative action. Coordinated group action is a function of the self-directed and self-initiated efforts of each person within the group.

8.4 True Social Responsibility: Respect for individual rights : It follows that the social responsibility of the corporation, through its directors, managers, and other employees, is simply to respect the natural rights of individuals. Individuals in a corporation have the legally enforceable responsibility or duty to respect the moral agency, space, or autonomy of persons. This involves the basic principle of the non initiation of physical force and includes: the obligation to honor a corporation's contracts with its managers, employees, customers, suppliers, and others; duties not to engage in deception, fraud, force, threats, theft, or coercion against others; and the responsibility to honor representations made to the local community.

8.4.1 In an individualistic society all contracts are entered into voluntarily. Each person is free to associate with others for their own mutually agreeable purposes. The corporation is a form of property created by individuals in the exercise of their natural rights. The corporation is thus the result of a contract between individuals who wish to combine their resources and, if desired, delegate a portion of the authority and responsibility for managing and using these resources. Managers therefore have the obligation to use the shareholders' money for specifically authorized shareholder purposes which can range from the pursuit of profit to the expenditure of funds for social purposes. If managers use this money for activities not authorized by the shareholders, they would be guilty of spending others' money without their consent, failing in their contractual obligation to the owners, and, therefore, violating the rights of the shareholders. Owners have a property right in the corporation and a correlative right to engage in profit-making, if so desired. It follows that those who act in their behalf (i.e., the managers) have a duty to carry out the wishes of the owners, who usually invest to make a profit.

8.4.2 Customers, employers, suppliers, and others autonomously negotiate for and agree to contract with the corporation. If managers were to break an agreement with the shareholders to maximize profits in order to give one or more groups more benefits than they freely agreed upon, they would not only be violating the rights of the owners, but also would not be respecting the autonomy of individuals within other groups. Corporations and their managers are obligated to respect the rights of individuals within each group but the rights are limited to the rights of parties in market transactions. The social responsibility of corporations is limited to respecting the natural rights of all individual parties.

9. IMPORTANT PERSPECTIVES TO SOCIAL RESPONSIBILITY (National Seminar on PEOPLE FIRST: Partnerships between business and society 16th Feb 2005)

9.1 Reputation Capital : A business perspective that recognizes the importance of reputation capital for capturing and sustaining markets seen thus, corporate Social responsibility is basically a new business strategy to reduce investment risks and maximize profits by taking all the key stakeholder into confidence. The proponents of this perspective often include corporate social responsibility in their advertising and social marketing initiatives.

9.2 Eco social Perspective : The second is an eco social perspective. Seen from the eco social perspective corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aim at the well being of society. For the new generation fo corporate leaders, optimization of profits is the key, rather than the maximization of profit. Hence there is a shift from accountability to shareholders to accountability to stakeholders 9includingemployees, consumers and affected communities). There is a growing realization that long term business success can only be achieved by companies that recognize that the economy is an "open subsystem of the earth eco system, which is finite non growing and materially closed

9.3 Rights based Perspective : There is a third and growing perspective that shapes the new principles and practice of corporate social responsibility. This is a rights based perspective on corporate responsibility. This perspective stresses that consumers, employees, affected communities and shareholders have a right to know about corporations and their business.

Corporations are private initiatives but increasingly they are becoming public institutions whose survival depends on the consumers who buy their products and shareholders who invest in their stocks. This perspective stresses accountability, transparency and social and environmental investment as the key aspects of corporate social responsibility.

10. REVIEW OF LITERATURE FROM VARIOUS BOOKS AND JOURNALS ON DIFFERENT DIMENSION OF CORPORATE SOCIAL RESPONSIBILITY

10.1 **(Warton and Clifton 2002)** There seems to be a general agreement on the issue of business and corporations acting in a socially responsible manner but there are several questions being raised by practioners of management, scholars and academicians. They are asking With whom should CSR accountability lie? What will the standards be for gauzing CSR? Who will set these standards ?How are going to be the stakholders? How are they going to be defined ?What will be the nature of Social Responsibility? Are the firms equipped for CSR ?What kind of technical assistance is required ?Who shall provide ? How will CSR impact be measured and analyzed Are there any standard guidelines, code of conduct ,standards What are consequences of non responsiveness?

10.2 These and several other views will be presented in the literature covering various aspects and facets of Corporate Social Responsibility with a focus on Communities and community development process and programmes. **(Business Environment Effective Executive August 2005)**

10.2.1 These questions are arising because the corporate sector has grown beyond the size of doing business with limited sections of society, involving limited resources with limited environment. Today the corporate sector and institutions have grown to such a size that their hold on world resources, capital generated out of business and business with all the sections of society has become enormous. With a growing importance in society an organization responsibility towards the society that helps it survive has also increased.

10.3 **Ambani (2002)** recognizing this growing responsibility said that business could no longer thrive if it remained insensitive to the needs of the society and the assumptions that economic and social objectives of a business were distinct and often opposing represented a false dichotomy (Porter & Kramer m2002).

10.4 According to a survey conducted by Indian NGOs.com conducted by **IndianNGOs.com (2001-2002)** over Rs.2000 crores were invested by businesses on the issues of health, education, environment, children, rural development, community development, women and disability wit maximum investment of 52%being on health. For some CSR is part of business strategy, for others it is a way of getting tax exemption or a response to pressure in the form of consumer boycotts on government policies.

10.5 **Business for Social Responsibility(BSR)** a global organization with headquarters in San Francisco, USA and working towards making CSR integral part of business operations and strategies defines corporate social responsibility as " Achieving commercial success in ways that honour ethical values and respect people, communities and natural environment.

10.6 According to **Gills & Spring (2002)** CSR refers to business decisions making based on ethical values, compliance with legal standards and respect for communities, their citizens and environment.

10.7 **Henderson (2002)** by bringing to notice different terms like corporate citizenship, econ justice and business ethics for social responsibility highlights the difficulty of deciding the scope of CSR. He further adds, the challenge is to redefine business performance in relation to its impact on other stakeholders, including communities, employees , development countries and suppliers. Such measures should include business ethics such as participatory decision making, community commitment, honesty, bribery and corruption. According to BSR other terms being used to indicate CSR are corporate accountability, sustainability.

11. Evolution of CSR :

11.1 **Henderson, (2000), Fredrich et al (1992)** are of the view that CSR originated in the US in the early part of 20th century when corporations cam under the attack of being too big, powerful and guilty of antisocial and anticompetitive practices. To silence critics, two broad principles emerged –Charity and stewardship which have been discussed earlier. In the process of exhibiting social responsibility corporate have undergone the phases of charity, trusteeship, involvement of labour, recognition of trade unions with participative management and social welfare interventions.

11.2 **Henderson (2000)** is of the view that in recent years both the corporate sector and civil society organizations particularly international NGOs have become more influential in shaping development debates and policies. He further adds that within the corporate sector there is increasing awareness about the need to demonstrate social responsibility among NGOs there is growing acceptance that business is essential to economic growth, which in turn will fuel social development.

11.3 According to a report by BSR several factors have converged over the last decade to shape the direction of CSR viz. increased stakeholder activism, more sophisticated stakeholder engagement, proliferation of codes and standards, indicators and guidelines, accountability throughout the value chain, transparency and reporting , growing gout interest and action, convergence of CSR and governance agenda, growing investor pressure and market based incentives advances in information technology and pressures to quantify CSR which have been elaborated in the introduction chapter.

11.4 **Mehta** presents that corporate have experienced a range of bottom line benefits by adopting CSR initiatives like improved image, brand reputation, increased sales and customer loyalty , increased ability to attract and retain employees, reduced regulatory oversights and easy access to capital which have also been discussed by the researcher in the earlier chapter. It needs to be emphasized here that concept of CSR and its final shape are not limited to these alone.

11.5 **Shells Chairman, Mark Moody Stuart (1999) :** In the next century sustainable business will have to be responsible and sensitive to the need of everyone involved. It will be guided by more than one parameter.

11.6 **Henderson (2000)** the demands of economies of the environment and contributing to a just society are all important fro global commercial enterprise to flourish. To neglect any one of them is to threaten the whole.

11.7 **Anu Aga , Chairperson Thermax group**, puts it instead of narrow, short term view and defining the purpose of business as profiteering, can we define the purpose of business as human well being .What organizations today fail to perceive is that there has to be business with society as an entity and they have to share the sentiments of welfare of society as a whole.

11.8 **Khandwalla,(2004)** contributes through a much important viewpoint he says, much is to done towards the resources being utilized businesses being carried out and consumers and citizens of the society should decide the responsibilities to be taken by the corporate , unlike the situation now where the corporate define their responsibilities towards the society. This shift will mark an important phase in the evolution of CSR.

12 REVIEW OF LITERATURE SERIES SUPPORT REASONS UNDERLYING CSR

Why CSR ?

12.1 **Gills and Spring (2001)** emphasize that consumers, investors , community members, and potential employees are all seeking and demanding information on a corporations social performance. In todays business enviornement the management connot deny its obligations to tis stakeholders.

12.2 **Anu Aga** voices similar sentiments "the fundamental idea embedded in CSR is that business corporations can no longer act as isolated entities detached from the broader issues of society.

12.3 **Cherunilam (1998)** There is a symbiotic relationship that needs to exist between business and society.Business survives using the resources of sicety and has a responsibility towards the society.

12.4 **Anil K. Gupta Kasturbhai Lalbhai Professor of Enterpreurship, IIM Ahmedabad (Khandwala 2004)** it is possible to humanize the environment within and outside the firm. After all a person spends much more time outside the company shouldn't the company be concerned about the quality of life of its workforce.

12.5 **Samuel & Saari** argue that because corporates intervene in so many areas of social life, they must be responsible towards the society and environment .

12.6 **Wharton & Clifton (2002)** raise another concern How does the corporate responsibility apply to the foreign countries in which businesses operate.I s is upto human rights organizations to police the actions of companies like Nike, GAP and others force changes.

12.7 **Jayprakash Narayan :** A new type of synthesis is not necessary and that synthesis means the one of the science of management of business and industry and the science of social revolution. Mere social welfare is not sufficient, social revolution is essential or it may be said that welfare has to be revolutionized. For instance business whether in the private, cooperative or public sector is a trust

which must be so managed. The minister, shareholders, directors, managers, workers, all must consider themselves as indivisible organs of the trust this necessitates revolutionary changes in the whole structure of business and industry as also in the make-up of the man

12.8 **Hasan, N. opined** "Trusteeship management may be broadly described as the management that functions as the trustee of the interests of the society. The trusteeship idea springs from the teachings of the great religions of the world. Taoism, Zoroastrianism, Judism, Christianity, Islam, Hinduism, Buddhism, Jainism and all other religions teach the virtues of charity and almsgiving. In fact, charity is the device for maintaining the economic homoeostasis of the society. A desire to do good is inherent in the very nature of man.

12.9 **Tendon** view trusteeship from two angles – Macro and Micro. He stated. "Trusteeship instituted a way of life that rejected exploitation, violence and emphasized the inherent responsibility of those in positions of power and their, commitment to the greatest good of all. Morality, efficiency and expediency dictate that the business and labor should accept social obligations and that corporation and better develop a soul along with direct institutional accountability to the community and for sheer survival in an increasingly hostile environment".

12.10 **Gupta observes,** "The principle of Trusteeship could not be put into practice unless the necessary conditions are created for the same". He also opined that it was not a benevolent wealthy man, a donor, a charity minded philanthropist that was a "Trustee" as per the Gandhi an concept. Far from it" if the trusteeship idea catches, philanthropy, as we know it, will disappear.

13. FACTORS LEADING TO THE EMERGENCE OF CSR

13.1 Discussion of CSR has been evident for several decades. Indeed, the antecedents of CSR might be traced back to the corporate paternalists of the nineteenth and early twentieth centuries, including those responsible for establishing the Welfare Workers' Association – in 1913.The difference in culture between the United States and European social models can be overplayed. US citizens have high expectations of the corporate sector and have been correspondingly recently bruised by serious lapses. Business schools now place much greater emphasis on ethics.

However, at the risk of caricaturing them, the US model is business-led and focuses on shareholder value, while the European model places much greater weight on securing consensus and respecting the interests of a wide rangeof stakeholders.

13.2 The US model distinguishes more clearly between the spheres of business and government while the European model is more 'inclusive' and places greater priority on ensuring that business reflects wider social values. The German dual-tier board structure is often seen as one manifestation of this broader approach. How do these differences in culture affect the debate about CSR? It is not the case that US-based companies have less interest in CSR. However, there is much common ground between CSR and the outline of a European social model, not least in respect of their shared stakeholder assumptions and the interdependence of social and business issues. This may help to explain the heavy emphasis placed by the European Commission in its Green Paper on companies treating their employees properly. Whether or not the Commission moves towards proposing legislation to reinforce good practice on CSR, we can expect companies operating in the EU – particularly those that do business with governments – to be increasingly aware of CSR as a route to protecting their existing business and new opportunities.

13.4 The previous section discussed the theories underlying CSR as well as the models that represent them. This section considers the actual practices of CSR. Shifting definitions of CSR have expanded the range of strategies employed both internally and externally by companies.

The following section outlines how these theories function in practice.

14. CORPORATE SOCIAL RESPONSIBILITY IN PRACTICE

14.1 These practices differ across countries and industries since cultural expectations, regulatory frameworks and taxation policies all affect CSR activities. While CSR can be examined in many areas including environmental and ethical policies, it is the practices of social impact that are of greatest importance to the community sector.

14.2 **(Weiser & Zadek 2000)** When corporate support of the community sector is proposed, there are a wide range of CSR options. These options present a continuum that ranges in effort and impact:

- *Sponsorships* traditionally give a company exposure by placing their logo in diverse locations such as an exhibition poster or amateur athletic contest advertisement.
- *Financial contributions* do not have the same degree of reciprocity as sponsorships. When taken in isolation, direct contributions often distance the company from the recipient and limits solutions to problems the money seeks to alleviate. When combined with other strategies, however, a far more active approach to giving can allow greater recognition and impact for the company.
- *Gifts in kind* permit companies to share services or shed inventory while promoting their product.
- *Cause-related marketing* connects an advertising campaign to a worthy cause that also promotes the product (Smith 1994). In this scenario a bookstore might donate a percentage of each purchase to combat illiteracy, while the customers enjoy spreading their pastime to others and the bookstore creates a larger future customer base.
- *Employee volunteering* encourages employees to develop skills in the wider community while non-profit organisations benefit from external advice and expertise (Weiser & Zadek 2000). Sometimes these employees are given release time or payment for volunteer

It is worth noting in this debate over funding, that the provision of social welfare functions is increasingly being outsourced and contracted to private sector companies (McClure 2000). While this is particularly true for the Australian employment services field, in the United States Lockheed-Martin has become a major provider of welfare services administration.

Although in a recent analysis of media coverage of cross-sector partnerships in Australia some articles discussed mutual benefits, many more emphasized that community sector organizations must become more commercial and corporatised (McQueen 2001).

Activities but often a corporate volunteer coordinator will simply publicize opportunities and successful cases. At the executive and professional level, the expertise offered to community groups can prove invaluable. Companies can do a great deal formally or informally to promote employee volunteering, ranging from providing time release for volunteer activity to simply posting a list of volunteer opportunities in the community. This activity is increasingly acknowledged as providing benefit to the employee, their community and their company (Stallings 1998; Sagawa & Segal 2001).

- *Partnerships* combine several of the techniques outlined above to create a sustained relationship between corporate and community organizations that ostensibly creates a mutual benefit for both entities. Partnerships can increase the impact and return on the philanthropic investment. It is partnerships that increasingly offer substantive promise to the community sector and receive attention both in Australia and overseas (Encel & Studenski 2000).

14.3 Of the methods described above, partnerships combining financial, in-kind and personnel donations can provide the future potential of business-community interactions with the most rewards for each party. Although cross-sector partnerships are not new they are quite effective since 'multiple powerful players have a stake in the success of the project, thus increasing the likelihood that political barriers to success will be removed' (Hall 1996). The most effective new partnerships combine cash and personnel grants as well as develop consortiums that can leverage influence.(Austin 2001). Along this continuum, partnerships can become more strategic, multifaceted and valuable to all participants.

14.4 When assessing how companies develop and implement CCI (Corporate Community Involvement) practice as part of their CSR strategy, some common themes emerge that signal the potential depth and breadth of commitment. These key dimensions of CCI can be defined as:

- *Strategic vision*: how companies implement their CCI strategy through a clear set of policies supported by relevant plans, objectives, targets and procedures. This includes publicly available statements on CCI policies and practices, as well as communications and consultations with stakeholders;
- *Organizational leadership*: how companies' leadership facilitates success in CCI through executive team involvement in CCI policy development, decisions and implementation as well as widespread staff commitment to managing CCI practices;
- • *Employee involvement*: how companies use their CCI strategy as a tool to manage, develop and motivate their employees through Employee Volunteer Programs, communication of company CCI activities to current and potential future employees, matching employee charitable contributions, and providing a payroll deduction facility for employee charitable donations;
- *Financial investment*: how companies invest in the community through partnerships with, and financial and in-kind support of non-profit organizations.

The categories above reflect the current status as well as future potential of

These trends and changes occurred in a climate promoting smaller government and increased transnational movement of companies. The internationalization of business has also caused companies to both increase and rethink their giving priorities and strategies **(Gornitsky 1995; Logan 1997; Sagawa & Segal 2001).**

15. RECENT TRENDS IN CORPORATE SOCIAL RESPONSIBILITY

15.1 **(Reis 1999).** CSR has emerged from discreet areas within a company to an overall approach intended for integration throughout company practice. Thus an environmental advocate, funds manager or arts organisation may have an equal interest in discovering the specific CSR policies of a company. Given increased demands for accountability and transparency from stakeholders and direct beneficiaries, the placement of philanthropic dollars and other corporate resources requires justification greater than personal preference or precedent. Downsizing and increased global competition over the previous decade place pressures on CSR professionals to demonstrate the financial benefits of their policies. Systematic accounting is demanded for CSR programs to prove they are complementary to the overall business objectives of the company **(Burlingame & Young 1996; Logan 1997).** Concurrent with these changes is a rise in social entrepreneurship and venture philanthropy which affect the expectations of individual, foundation and corporate donors

This section addresses some of these recent trends in CSR

15.2 A recent survey showed that 86 percent of about 4000 people aged 15 or older in Europe expressed a preference for purchasing a product from a company engaged in activities to improve society **(Fleishman Hillard , Consumers Demand Companies with a Conscience, London).**

15.3 The previous sections outlined a primarily American and European understanding of corporate community involvement. While Americans do give four times more per capita than Australians in their private giving, their companies do not give remarkably different sums of their pre-tax profits **(Turner 1997b).** Different attitudes and perceptions regarding giving include beliefs about the role of government (Americans generally tolerate less government), the influence of religion (Australians attend far fewer organized religious activities), and perceived levels of taxation (both Australians and Americans feel they pay too much but Australians feel they pay more than Americans) **(Turner 1997a).** These

perceptions and beliefs can affect approaches to personal and corporate giving **(George 1997).** If Australians hold long-standing beliefs that government will provide for all who are in need, the perception that there is heavy taxation and strong welfare supports may negate the pressure on companies to give **(Dumais & Cohn 1993).**

15.4 Australian business leaders have had a solid history of personal philanthropy so there is precedent to build upon for positive CCI **(Bodna 1996).** Despite this, it can be argued that government support for philanthropy is underdeveloped and contradictory it institutionalizes a view that philanthropy is a quaint habit which is dying out' **(Lyons 1998:6).** This perception is changing. Companies are becoming more global in their CSR outlook as they realize their 'social footprint' extends beyond their domestic operations **(Logan 1997:3).** This global focus has affected Australia through multinationals operating here as well as Australian companies operating overseas.

15.5 Over the last decade, many Australian companies are reconsidering their approach to CSR. In the 1995 inaugural public address on Australian corporate public affairs, BHP's John Prescott argued that the 1980s 'legitimacy gap' that followed the environmental and consumer movements of the 1970s, altered the current business-society relationship **(Prescott 1995).**

15.6 **Paraphrasing Drucker (1984),** Prescott contended that 'as well as pay-offs in terms of reputation and credibility, being a good corporate citizen is a matter of *enlightened self interest*' (Prescott 1995). Prescott spoke of reaching for greater community 'engagement' to foster a climate of better business-society relations. He concluded that there is 'no conflict between pursuing a stronger business-community partnership and maximizing profits,' (Prescott 1995). This shift from a sponsorship focus to a broader range of activities is part of the overall trend towards a focus on corporate citizenship.

15.7 It can be argued, 'Corporate citizenship, then is about managing an organization's external influence on society' **(Marsden cited Birch 1998: 23).** This management involves both understanding and responding to these influences. This worldwide trend is influencing Australian promotion and practice of CSR and CCI.

15.8 In spite of a perceived cultural and historical antipathy to corporate involvement in Australia, there are moves to promote a greater reliance on individual, corporate and community giving. In February 1998, Prime Minister John Howard convened a group of leaders from across the community,

academic and corporate spectrum to explore what might be done to increase cross-sector collaboration. Labelled by Howard as 'a new balance between government, business and community', his Corporate Philanthropy Roundtable (later renamed Community Business Partnership) seeks to promote its cause through public awareness, research, awards or best practice and tax reforms **(Dodson 1998).** Over thirteen million dollars was set aside for this effort.

15.9 This promotion of partnerships is one component of Howard's social coalition **(McClure 2000).** The first major research output of the Community Business Partnership was the report *Corporate Community Involvement: Establishing a Business Case* (CCPA 2000). Among its findings, it concluded that long-term viability, rather than immediate profit, motivates many Australian companies to consider undertaking CCI. While a minority of companies surveyed were interested in altruistic efforts, the majority saw CCI 'as a way to maintain trust, support and legitimacy with the community, governments and employees' (CCPA 2000:11). At least 15 per cent of companies surveyed, however, felt that their primary responsibility was to maintain strong shareholder returns. Alongside a concern about their own ability to perform community roles, many are wary about accepting this burden from government (CCPA 2000). While companies have tended to focus their sponsorship on sporting activities, and to a lesser extent cultural activities, education and the environment also are beginning to receive attention.

15.10 **Encel and Studenski (2000)** identify gaps in the current Australian research in the field. These gaps include identifying the actual dollar amounts given to not for profit organizations by companies and how shareholders perceive stakeholder management.

15.11 Given the recurrent worldwide theme of reduced government social services, the corporate sector in Australia is looking for new and more valuable ways to make connections with the community. These include broadening the role of corporate support. One commentator noted that: In Australia we need to broaden the definition of corporate philanthropy. It's always meant that you simply write a big cheque and it disappears and you never see real results. But if you can involve people in development of specific projects...you lock them into a longer-term and more purposeful approach **(Liffman in Hartcher 1997).**

15.12 But recent research on broader conceptions of CSR and corporate citizenship suggest that while many Australian companies see these issues as part of their core business, many more see stakeholder engagement as a community strategy **(Birch 2001).** This research suggests that Australian CSR is still reactive, short-term and top-down in its focus with considerably more emphasis on CCI than environmental or other issues. While many recent trends in CSR and CCI have been evident worldwide, there are particular approaches and consequences that will remain unique to the Australian context.

15.13 The Smith Family began investigating CSR when it agreed to become a research organization for *The Good Reputation Index. The Good Reputation Index* presents a ranked listing of Australia's top 100 companies as assessed across six dimensions, some of which pertain to CSR: *employee relations, environmental performance, social impact, market position, financial performance,* and *management, ethics and governance.* Eighteen organizations assessed companies in their area of interest or expertise. Their results were collated into an overall ranking by Reputation Measurement, and published as *The Good Reputation Index* in *The Age* and *The Sydney Morning Herald* on 22 October 2001. The Smith Family was asked to assess the *social impact* of companies for *The Good Reputation Index.* The research in this field suggests that while there is a strong presence of CCI practice in Australia's top companies, this practice may require greater depth and dimension to be truly effective. The Smith Family undertook survey research to gain additional information on Australian CCI **(Cronin et al 2001).**

15.14 The World Business Council for Sustainable Development in its publication *"Making Good Business Sense"* by **Lord Holme and Richard Watts**, used the following definition. "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world.

But as with any process based on the collective activities of communities of human beings (as companies are) there is no "one size fits all". In different countries, there will be different priorities, and values that will shape how business act.

15.15 The debate on whether responsibility of a business enterprise is only to its shareholders (owners) or to all stakeholders , including environment and the society at large, is an on going one and continues In received Literature Stakeholder as an expression is fairly recent in origin, reportedly appearing first in an internal memorandum of the Stanford Research Institute in the year 1963. according to a definition given by Edward freeman " A Stakeholder is any group or individual who can effect, r is effected by the activities and achievements of an organization. **Friedrich Neubauer and Ada Demb** in " the Legitimate Corporation " identify six groups of distinguishable stakeholders as follows: Providers of funds, employees, general Public, Government, Customers and Suppliers.

15.16 In the tradition of **Hobbes, Locke and Jean Jacque Russeau (1762)** pointed that corporations must coexist and contribute to the well being og each other. There is a contract, which is at once explicit and implicit, that governs the operation of business within a given community. Benjamin Franklin has also expressed a similar sentiment when he says that " Doing good is not a private act between a bountiful giver and a grateful reciver it is a prudent social act.

15.17 **David Wheeler and Maria Sillanpa** in "The Stakeholder corporation" state that by 1998 , 51 out of the 100 largest economies were not nation states but corporations. According to Wheeler and Sillanpa, in 1998 General Motors was bigger that Denmark, Toyota was bigger than South Africa. Yet at the beginning of the 21st century the gap between the worlds rich and poor is eider than ever before.

15.18 In 1999 ,The United Nations reported that the worlds the three richest people- The Bill gates of Mirocsoft, the Sultan of Brunei and the Walton family of the Wall Mart retail cahin, were worth more that the combined gross domestic product of the world s 34 poorest nations. Thus the modern day large corporations are often larger that are so large offer larger as compared to smaller/poorer nations. With great power and size comes great responsibility.

15.19 The second important development in the late 20th century has been the rolling back of the state. It is increasing being realized that the State cannot and should not perform all functions it was performing in the earlier periods. In many countries national and local governments have taken a Hands off approach to regulating business both due to A).

Globalization of trade of commerce- Most experts are averse to legal interventions Internationally self regulation links to openness, transparency and accountability seems to generate the maximum response. In response to liberalization role of state is shrinking.

B)Shrinking of resources - Most of the government at the national and local levels are experiencing shortage of funds and a shrinking resource base.

The acceptance of social responsibility as a desirable facet of corporate life is widely confirmed by a number of empirical studies.

16. ACCEPTANCE OF SOCIAL RESPONSIBILITY

16.1 **Louis (1979)** in his survey of 350 executives found that of the total sample almost 17% of the executives reported that business should assume social responsibilities even at the cost of reduced profits, whereas 10% felt that the sole business of business is to make profits. Almost 95% of the respondents reported that companies were involved in the social programmes.

16.2 **Ewing D. (1971)** surveyed Harvard Business Review Suscribers with a view to verifying following statements

1) a corporations duty primarily is to its owners
2) A corporations duty is to its owners and secondarily to employees , customers and public
3) A corporations duty is to serve as fairly and equitable as it can for the interest of sometimes competing group owners employees and public
4) The primary duty of the enterprise is to itself to ensure its future growth and continued functioning as a profit making supplier of good and services.74% responded that the first statement was the least valid of the four., only 2% said that is was most valid , 61% said that the third statement was the most valid.

16.3 **Buchler and Shetty** (1974) in a study of 144 major corporations observed that executives showed enlightened self interest to be the most important motive of social performance in the are of urban, customer and environment affairs.

16.4 **Harmon and Humble (1974)** in an opinion survey for a Management Centre Europe and Eng, and found that their seems to be an increase in the awareness and acceptance of social responsibility of business.

16.5 **Corson and Steiner (1974)** in a study of 750 companies concerning their social programmes , the respondents were asked whether they had made any significant commitments of money and or personal time in 58 activities covering ten fields of social responsibility. The results showed a surprisingly a large commitment to most programmes of social responsibility. The two programmes receiving the most attention were "ensuring employment and advancement opportunities and second direct financial aid to schools including scholarship grants and tuition refunds.

16.6 **Sandra , Holmes (1976)** in a survey of 180 executives noted that more than half of them expressed the belief that business should help solve problems , regardless of who or what created them. It was concluded that a definite shift towards greater social involvement is underway yet the dominant commitment to profitability remains.

16.7 **Hammakar** in his study on CSR concluded that few firms would reduce profit to acahieve social ends.

16.8 **Noriman and Radar (1977) and Bowman (1976)** reported that more managers were concerned with establishing stronger ethical and moral policies to govern the actions of managers in their operation.

16.9 **Keneth Schwartz (1882)** in a nationwide opinion survey of 500 leaders by Opinion Research Corporation in several areas including business observes that the corporation does have social responsibilities. It also showed that public has a fairly broad view of what is considered to be a corporate responsibility.

16.10 **Khan (1983)** in his survey studied 46 executives with the help of mail questionnaires and found that all most all managers were in favour of corporate social responsibility

17 PROFIT ECONOMIC PERFORMANCE AND SOCIAL RESPONSIBILITY

17.1 **Malkeil and Quandt (1971) and Shapiro (1973)** studied the performance of the clean mutual funds these purchasing securities only of the corporations they consider to be socially responsible.

It social responsibility is a good business their performance is to be attractive. They found a negative association between economic performance and social responsibility.

17.2 **Buchler and Shetty (1974)** using average return on total assets as a measure of organization income found no significant relationship between organization income and degree of involvement in social action programme

17.3 **Parker and Elibirt (1975)** collected data from 96 major companies concerning social issues. They found that in terms of a number of economic indices respondents to they survey outperformed the remainder of the fortune 500 list. They concluded that since their respondents were likely to be more socially responsible then were non respondents these finding provided evidence of a favourable relationship between social responsibility and economic performance.

17.4 **Bowmann and Haire (1975)** reported a significant positive relationship between the return on equity and their social responsibility measure . They found that performance was highest for the medium responsibility group, next highest for the high responsibility group.

17.5 **Levy and Shatto** examined the philanthropic programme of US's 55 largest investors owned electric utilities. The study confirmed that philanthropy is predictable from standard economic variables and also that the breakdown among various grids is fairly uniform across the USA.

17.6 **Dan Methews (1977)** surveyed on what can be called as reasonable profit. He tried to get opinion of people with respect to profit by introducing concept known as reasonable profit. He observed that half the people in the United States think that business earns "too much profit " . The polls revealed that 9 out of 10 American favour the private enterprise system and do not reject the idea of profit, but they think that business profits are higher than what should be, business profits should be reasonable from the public view point.

17.7 **Dagher and Samir (1980)** measured the attitude of business executives both of large and small companies towards profits. In a survey of chief executives of the Fortune 500 companies, 80% of the respondents indicated that the highest ethical duty of corporate president was to make a profit but at the same time meeting society's needs by using the most fair and human means. The respondent's flet a need to balance the tardinal business goals with the needs and moral demands of society.

17.8 **Erik Wilson (1980)**in a survey of businessmen of California noted that among small business a majority of them opined that the profit maximization in the long run is considered to be socially responsible, although smaller businesses do not have as much public viability as large corporations.

17.9 **Orren , Karen (1974)** examined the industrys involvement in the development of key aspects of public policy pertaining to the control of credit in Illionis. She concluded that by its control over substantial credit sources in the US, the life Insurance Industry has accumulated significant social power

17.10 **Pitman (1979)** examined the relationship between an industry sensitivity of governmental actions measured by various characteristics to the industry and propensity of firm in that industry to generate contributions to candidates for federal office. He found that the extent of the attempt to influence political process and contribution depended on the extent of the firm affected by the government.

17.11 **Salaman and Seigfried (1977)** examined the variations among industries in securing favourable public policies systematically related to economic structure of industries. They concluded that large firms yield greater political power. Industries, which are most viable and fearful of government intervention, are more inclined to avoid political influence and efforts are aimed at reducing their tax burdens.

17.12 **Duane Windsor and George Greanias** studies the planning systems of 5 companies in USA, and found that polticizationimposes additional burdens on strategy formulation and implementation. A prerequisite for formulation of an operation corporate social policy and fundamental reform of the strategic planning process so as to integrate social responsibility and economic performance.

17.13 **Steven N Brenner** explored corporate political activity taking computer time sharing firms and found that high corporate political action diversity is related to depending on the regulated common barriers, awareness of processes and political process experience.

17.14 **Miner (1977)** conclude that the researches clearly indicate an under representation of minority group members in higher level white collar jobs. A great variety of governmental pressure has been brought to bear to correct this situation as well as to eliminate disproportions in employment figures.

18 IMPLEMENTATION OF SOCIAL RESPONSIBILITY

18.1 **Elbirt and Parket (1973)** in a study of 400 firms found that the position of an officer responsible for corporate social responsibility first generally established in 1968, had by 1973 ranked high in standing in the company and that the person holding the position usually report directly to chief executive officer. Ackerman (1973) examined that the problem of policy formulation in great depth in two large companies in connection with policies in two areas, namely environmental pollution controls and equal employment opportunity. He conducted interviews over a number of years with managers paying special attention to specialists who were responsible for implementing policies and examined all pertinent documentation in the companies. He concluded that the implementation process covers through distinct stages and can take 6-8 years for full and satisfactory implementation

18.2 **Murray (1976)** in his study of two commercial banks corroborated Ackermans major conclusions about the problem of implementation. Both the studies assume a reactive action model and a management, which has ample opportunity to exercise discretion to the selection of a pattern of adaptive action. Corson and Steiner in their survey found that a number of companies (15 out of 254) undertook a social audit to identify those social programmers which the company feels it is worth pursuing. On the overall process of institutionalizing social policy in the decision-making processes one of the valuable contribution is that of Lovdal

18.3 **Bauer and Treverton (1977)** found that many major corporations have public responsibility committees. They believe that such committees are found but that most companies are surviving without such a committee. They also believed that such committees today are in a formative stage and because of their potential values they will grow in usage.

18.4 **Abdul Farooq Khan (1983),** in his study of perceptions of forty six British companies found that implementation of social responsibility programme is difficult on account of factors like rising process and legal requirements. Similar findings were reported in his survey of forty one senior executives in India.

18.5 **Dr Jayraj Jadeja (1992)** Studied the Social responsibility approaches of selected Industrial houses of Gujarat viz. the Mafatlal, Lalbahai, Jyoti and Elecon. The study examined the perceptions of various houses about the philosophy, identified the commonalities an differences, commonly adopted

practices, unfair practices largely deployed by the firms, main handicaps that confront the business etc. the findings have been presented in the book titled " Approaches to Social Responsibility in Industrial Houses of Gujarat "

19 ENVIRONMENTAL POLLUTION AND SOCIAL RESPONSIBILITY

19.1 In one survey by **Hopkins (1970)** of 174 companies whose products include chemicals, food products, paper, petroleum, rubber and plastics, 89 % respondents indicated that they had given organizational emphasis to the problem of pollution control either by setting up a corporate unit to be responsible for the problem or assigning pollution control to an existing corporate division.

19.2 **Daniel Betts and Henry Copeland** in one campus opinion poll found that less than 1% of the sample felt that businessmen were genuinely concerned about that environment and were doing all they could do to solve problems

19.3 **Henry (1972)** examined the policies of 49 companies and found that 38 had a formal written policy on environmental protection.

19.4 A survey was conducted by **H. Henry (1974)** on pollution abatement attitude of large companies in USA. He found that business in USA planned to invest 7.4 billion dollars in air and water pollution controls. Further it was reported that paper and steel industry would invest 23.7% and 22.2% of its capital budget for pollution control and worker safety respectively.

20. COMPANY SIZE SOCIAL RESPONSIBILITY

20.1 The council of Financial Aid to Education (1972) studied the relationship between organizational size and a particularly socially responsive behaviour and charitable donations.

20.2 **Eilbert and Parket** (1973) found a positive relationship between size and socially responsive behaviours. The size was measured by dollar volumes of sales, large firms were defined as those having $1 billion and above in sales and small firms as those having 4250 million and below in sales.

20.3 **Aldag and Jackson** developed a 55 item social attitude quesitonnarie from a large number of industries. It was found that the firms size indices were positively coorealted to traditional orientation(Profit maximaization and efficient production)

20.4 **Gomolke (1975)** measured size by number of employees , 11-25 employees, 26-75 employees, 76-500 employees. He found that companies with 1-10 or 11-25 employees engage in social responsible activities of the firms involved in. they however did not measure the actual degree of involvement in socially responsible behaviour.

21. SOCIAL REPORTING

21.1 A study of **Sidney Jones (1971)** of annual reports issued by 55 of the large companies in Fortune 500 covered the period of 1960 to 1970 and found that roughly 25% of the 1970 reports contained a special section devoted to company's social responsibility . Also it showed that dominant concerns in 1960's were : Support of education, Employee education and safety. By 1970 the emphasis had shifted to pollution control and hiring of disadvantaged.

21.2 **Hanger** made a study of annual reports for 1901-1980 of U.S. Steel Corporation and found that social accounts is not a new technique, but was practiced albeit in sometimes rudimentary fashion, as early as first decade of this century.

21.3 **Earnest and Earnest** studied Social measurement disclosure" in the annual reports of Fortune 500 companies for three years 1971-73 and found that the number of companies making such disclosures increased from 51% in 1971% to 58% in 1972 with Marginal increase to 61% in 1973.

21.4 **Corson and Steiner (1974)** found that 76% companies in US have made attempts within the period since Jani 1972 to report on social activities. They further reported that purpose of social audit is related to the examination, identification and appraisal of corporate social activities. They found that lack of measure to evaluate and lack of consensus among executives on areas to be evaluated are the main obstacles in social reporting.

22. BUSINESS ETHICS AND UNETHICAL PRACTICES

22.1 **England (1967)** developed the most widely used measure of managerial values in literature with direct relevance to social responsibility.

22.2 The personal value questionnaire is based on 66 concepts dealing with goals of business organizations. The personal goals of individual groups of people's ideas of associations with people and ideas about general topics.

The findings of this study were reflected in a survey conducted by Luch and Oliver (1974) Results show that managers are relatively stable over a time. A study by Louis Harris (1976) shows a steady and fairly rapid decline in public opinion regarding the ethical regarding the ethical behaviour in many of our professional and governmental organizations with specified reference to the filed of businesses . In recent years and additional revelation in the change of attitude to public have focused attention on the activities of executives of many large corporations in USA. Nearly 40 large American Corporations have been accused of paying bribes or questionable commissions to win contract overseas.

22.3 The fact that some of the largest corporations are involved is of course of great concern to those seeking to assess the current state of ethical business practices. What is perhaps of even more significance however is a survey conducted by opinion Research Corporation in which 40% of those surveyed agreed that foreign bribe should be paid if such practices were prevalent within the country.

22.4 Personal values and principles values and principles affect every individual's perception for a given situation. The diversity of attitudes is shown is a study appeared in the Harvard Business Review by Brenner and Molander (1977)

22.5 A study by **Irwin Ross (1980)** of 1043 major corporations during the period 1970-79 revealed that 117or 11% had been involved in atleast one criminal scandals. A total of 188 citiations were involved covering 163 separate offences including 98 anti trust violations 28 cases of kickbacks , bribery of illegal rebates, 21 illegal political contributors, 11 cases of fraud and 5 income tax evasion cases.

22.6 A survey by **Monnappa (1977)** of 115 business executives attending the middle and senior management programme of the IIM, Ahmedabad, and belonging to different industries, ages, educational standard, religious affiliations and income groups, has revealed some notable results regarding Indian Mangers attitude towards Business Ethics. A new realization has dawn upon business about their responsibilities towards employees, shareholders etc. A majority of business mangers believe in good ethics, various circumstances like unnatural competition , company policy and plethora of rules and regulations often prevent the managers from putting theirs belief into practice.

22.7 Some 1700 HBR executive's readers were surveyed by John Brenner et al. The highlights of the survey are as under.

1) Executives are alert to the social responsibilities of business as these are expressed in general terms, they see the corporations as a human society, a microcosm of the larger society in which it functions.

2) As for specific business practices, executives often disagree aboutr what is unethical things to do (* I'm ethical but is he ?)

3) Though the respondents profess a lofty level of ethical aspirations for themselves, they reveal a lower opinion of the practices of the average businessman.

4) Executive largely felt that the man most likely to act ethically is one with a well defined personal code. If he also has a boss who is highly ethical, his behaviour will be consistently upright. But watch out say executives for there are many pressures for unethical conduct.

5) Executives admit and point and point out the pressure of numbers generally accepted practice in their industry which they consider unethical. Our respondents cite many daily problems in which the economic solution conflicts with ethical solutions.

6) If unethical practices are to be reduced, executives say that top management must lead the way. The men at the top must be individuals of principle , who unmistakably reveal their ethical attitude , not only verbally, but also by forceful actions.

7) As a help in correcting unethical practices most executives would welcome a written code of ethics for their industry. But this code must have teeth, be capable of enforcement and embody specific guides for conduct, if it is to do the job.

22.8 **McDonald's(R) Canada Issues 2004 Corporate Social Responsibility Report :** Canadian report released in conjunction with second global McDonald's CSR report TORONTO, Aug. 5 /CNW/ - McDonald's Restaurants of Canada Limited released its 2004 Canadian Corporate Social Responsibility Report today, outlining the company's ongoing commitment to conducting its business in a responsible and ethical manner and to being a positive influence in local communities across the country.

The release of the Canadian report coincides with that of the worldwide McDonald's Corporate Social Responsibility Report. "At McDonald's Canada, social responsibility is the foundation on which our company was built and an indelible part of our corporate culture," said Bill Johnson, McDonald's Canada Chairman, President and CEO. "Today, our commitment to social responsibility begins with me, but cascades down to every one of our more than 77,000 employees Canada-wide. Our 2004 Corporate Social Responsibility Report demonstrates how we are continually growing and developing as individuals, as an organization and as a corporate citizen."

22.9 **McDonald's Canada's 2004 Corporate Social Responsibility Report** provides a local Canadian perspective on the way in which social responsibility is brought to life in communities across the country and offers a snapshot of the positive impact McDonald's can and does have on individuals from all walks of life. It highlights the unique local nature of the McDonald's business - restaurants primarily owned by local men and women who are involved in their communities - and provides an overview of our corporate positions on and activities in a variety of key areas important to Canadians today. The performance and progress of McDonald's Canada is delivered in five broad categories:

- Community - outlines McDonald's commitment to giving back to the community, with a focus on local fundraising initiatives, Ronald McDonald House Charities(TM) grant activities and McDonald's corporate support of programs and causes both nationally and regionally in Canada.
- Environment - offers details on our environmental philosophy and the various initiatives that McDonald's Canada has implemented as part of our commitment to helping make a difference in this important area.
- People - provides insight into McDonald's Canada's employment practices, our People Promise supporting the growth and development of employees and the benefits that can be derived from a job at McDonald's
- Safety, Quality and Social Compliance - highlights industry leading policies and procedures that help McDonald's Canada continually deliver quality menu items to its customers everyday, with the support of suppliers who share McDonald's vision of acting responsibly both as an employer and as a local business in the community

- Health and Wellness - showcases McDonald's Canada's commitment to helping Canadians live balanced, active lives and provides examples of the way in which McDonald's has responded to the needs of its customers today by offering more menu choice, providing additional access to nutritional information and promoting physical activity

22.10 **Jacob Park** : Visiting Professor, Corporate Environmental Governance, Center for Urban Planning & Environmental Management, University of Hong-Kong This paper examines the rise of socially responsible investment (SRI)as a sustainable finance mechanism and discusses the potential of SRI in steering and banking the financial services industry toward a more socially responsible and environmentally sound model of commerce. He argued in this paper that the potential of SRI to serve as a *sustainable* business mechanism to steer the global financial market towards a new ethical architecture depends on two related factors: Continuing institutional and social pressures for greater corporate transparency and The ability of SRI to become a viable financial instrument outside its traditional markets in emerging and developing economies.

22.11 **Jonathan P. Doh** : Department of Management, College of Commerce and Finance, Villanova University. Corporate Social Responsibility (CSR) is an increasingly pervasive phenomenon on the European and North American economic and political landscape. In this paper, we extend neo-institutional and stakeholder theory to show how differences in the institutional environments of Europe and the United States affect expectations about corporate social responsibilities to society. We focus on how these differences manifest in government policy, corporate strategy and nongovernmental organization (NGO) activism toward specific issues involving the social responsibilities of corporations. Drawing from recent theoretical and empirical research, and analysis of three case studies (global warming, trade in genetically modified organisms, and pricing of anti-viral pharmaceutical in developing countries), we find that different institutional structures and political legacies in the US and EU are important factors in explaining how governments, NGOs and broader polity determine and implement preferences regarding CSR in these two important world regions.

22.12 **Nicolaas Tempelhof :** In the research paper "CSR challenges and opportunities for German companies investing in Poland" the authors examine the cultural and gender issues of CSR in Poland with an eye towards understanding its theoretical principles whilst promoting and implementing CSR measures in Poland.

22.13 The aim is to raise awareness of the competitive advantage underlying CSR. Considering the interdependence between a corporations' social and financial performance, the authors attempt to analyze how German firms can increase profit by good social performance in Poland. However, implementing CSR measures in Poland requires detailed knowledge about Polish society and culture. People's behavior and attitude have to be considered in order to determine a company's respective CSR target group. By thoroughly analyzing these two factors, corporations can achieve the desired financial profit of CSR.

The authors attempt to characterize the most profitable areas of CSR in Poland in order to evaluate German companies' social investment in Poland, and contend with the cultural and gender challenge and opportunities of CSR in Poland.

23. CORPORATE SOCIAL RESPONSIBILITY OVERVIEW

23.1 JJB Sports plc is committed to ensuring that its business is conducted in a socially responsible manner resulting in high standards of both social and environmental behaviour. We will comply with all applicable national and international laws and regulations and make every effort to meet and or exceed best practice conditions, in each country where we operate or impact. JJB will consult with and notify its employees on the implementation of our environmental and social policies as well as providing appropriate levels of training to ensure that the policies are effectively delivered. To this end the Group has a number of key initiatives with which we expect both our employees and suppliers to comply in order to meet and exceed these high standards. To ensure the successful implementation of our policies they have been placed under the direct control of nominated Board members. This document is designed as a high level overview, only, of the key initiatives and processes that JJB Sports plc currently have in place and which we fully expect will evolve in sophistication over time.

23.1.1 Business Ethics : JJB introduced two key documents during 2000, namely the *JJB Sports Code of Business Ethics* and a *Supplier Code of Practice on Socially Responsible Trading* (at this time JJB directly sourced almost no product from the factories where its products were manufactured – they were purchased through international companies such as Nike, adidas and Reebock all of which have high standards, upon which JJB places reliance. The first of these defines the expected standards for business conduct with which we expect all of our employees to adhere and to this effect it was communicated to all stores and Head Office staff. stress the importance that JJB places on labour conditions across our supply chains, and to explain what we expect from our suppliers in order that appropriate labour conditions may be upheld through compliance with suppliers own Codes of Conduct. The principles held within this policy are based upon the Ethical Trading Initiative (ETI) 'Base Code' and the 'Model Code of Conduct' devised by the World Federation of the Sporting Goods Industry. JJB believe that only through a close working relationship can we ensure that the relevant Codes of Conduct are adequate and effective.

23.2 Involvement in CSR Initiatives

JJB Sports is committed to an increasing involvement across a wide range of Corporate Social Responsibility issues. We are pleased to have been involved in the following initiatives: JJB Sports plc was accepted into the inaugural FTSE4Good index in July 2001. Selection is based upon company performance in the areas of environmental sustainability, stakeholder relations and human rights. Since then companies have been reassessed against the selection criteria and JJB is pleased to remain included on the index.

BitC Corporate Responsibility Index

The Corporate Responsibility Index is a new business tool for companies to assess and compare how they integrate responsible business practices through their organization. It is aimed at assisting in the identification of gaps in performance and establishes where future improvements in corporate responsibility can be achieved. JJB was invited to and did complete this detailed index survey, and have duly made their submissions, the results of which will be published on 11 March 2003.

24. THE TOP 10 BENEFITS OF ENGAGING IN CORPORATE SOCIAL RESPONSIBILITY:

The Business Case (CSR Network Redley and Yelder)

(as defined by CSR network and Radley Yeldar).

24.1 A 1997 DePaul University study found that companies with a defined corporate commitment to ethical principles do better financially (based on annual sales/revenues) than companies that don't.

24.2 An 11-year Harvard University study found that "stakeholder-balanced" companies showed four times the growth rate and eight times the employment growth when compared to companies that are shareholder-only focused.

24.3 **Access to Capital :** Companies that are committed to CSR often have access to capital that would not otherwise be available, due to the increase in Socially Responsible Investment (SRI). A 2001 study showed that 12% of total investment in the USA was of a socially responsible nature. Likewise, there are were 313 green, social and ethical funds operating in Europe in June 2003, showing a 12% increase in the last eighteen months.

The Dow Jones Group Sustainability Index, the FTSE4Good Index, Morley Fund Management Sustainability Index, BitC Corporate Responsibility Index (and others) all analyse companies' CSR activities. These indices are increasingly looked at by investors who want to determine a company's level of CSR engagement.

24.4 **Reduced operating costs/increased operational efficiency :** Contrary to widely-held opinion, improved environmental management systems do not automatically result in greater cost. Over time, they improve operational efficiency by reducing waste production and water usage, increasing energy efficiency and in some cases, selling recycled materials. There are also company specific ways of reducing operating costs e.g. Dow Chemical Co has set themselves a target of reducing production of 26 toxic chemicals which will save them 5.4 million Euros per year – 2.3 million Euros more than was spent on the initial investment to do so.

By considering impacts, a company's actions can result in environmental, social and economic benefits. Construction firms, for example, reusing products on-site: reduces landfill, reduces community and noise disturbance of additional trucks bringing material to the site, reduces the environmental impact of damage caused by heavy truck wheels and reduces cost for the client of buying new material.

24.5 **Enhanced brand image and reputation :** A good reputation is often very hard to build – and yet can be destroyed in less than a day. So much of a company's reputation results from 'trust' by stakeholders. A strong reputation in environmental and social responsibility can help a company build this trust. However, it needs to result from real practices and policies and an integrity towards the companies responsibilities. Stakeholders are not ignorant and can see through 'fluff'. Non Government Organizations (NGOs) and local communities are far more willing to not take action as a result of an environmentally-damaging incident if it is evident that the company has genuinely worked hard to prevent it happening in the first place, and has in place solid management practices for rectifying the situation – quickly – and for learning and improving to prevent an repeat occurrence.

24.6 **Increased sales and customer loyalty :** Research has shown that consumers not only want good and safe products, but they also want to know that what they buy was produced in a socially and environmentally responsible way. A CSR Europe/MORI study in 2000 showed that 70% of European consumers say that a company's commitment to CSR is important when buying a product and 1 in 5 would be willing to pay more for products that are socially and environmentally responsible. Conversely, 1 in 6 shoppers frequently boycott (or buy) products because of the manufacturer's reputation. Likewise, CSR can lead to new markets and product lines. As Dr Richard Steckel and Robin Simons pointed out in their book 'Doing Best by Doing Good' "F. Schumacher & Co produces high quality fabrics, wall coverings and carpets which are sold through interior designers to residential and commercial customers. IN 1984, when Schumacher wanted a new product line, the company went to the National Trust for Historic Preservation. The trust ... licensed Schumacher to reproduce fabric patters and artefacts found on its buildings. "Our company benefits because we are able to replicate the fine designs of past artists and we are permitted to create new designs based on traditional elements," said Robert Herring, vice-president of designer relations. The National Trust benefits by receiving operating income from the royalties"."

24.7 **Increased productivity and quality :** Business for Social Responsibility is a membership organization based in San Francisco that helps companies improve their CSR learning, management and activities. They say "Company efforts to improve working conditions, lessen environmental impacts or increase employee involvement in decision-making often lead to increased productivity and reduced error rate. For example, companies that improve working conditions and labour practices among their suppliers often experience a decrease in merchandise that is defective or can't be sold."

24.8 **Increased ability to attract and retain employees :** A company's dedication to CSR can help to attract and retain employees. People want to work for a company that is in accordance with their own values and beliefs. Employees are not just worried about promotion and salary any more. Since Novo Nordisk launched their Values in Action programme which aligns their business objectives with sustainable development, they have seen a 5% drop in staff turnover. "78% of employees would rather work for an ethical and reputable company than receive a higher salary." (The Cherenson Group, www.CSReurope.org)

24.9 **Potentially, reduced regulatory oversight :** The more a company shows it is committed to CSR by complying with and going beyond legislation, the more lenient governments and regulators may be with the company. They may be given preferential treatment when applying for permits or permission to do something, and if an accident occurs, will be regarded more favourably if they have been transparent and socially responsible in the period running up the accident/incident.

24.10 **Reducing risk, and increased risk management :** The more a company is committed to CSR, the less they are exposing themselves to business risk. This could be reputational risk following bad press, e.g. the highly publicised "Nike sweatshops", financial risk, or environmental risk. Fund Management companies are becoming more vocal and assertive about their own expectations regarding a company's evidence of responsibility in order to reduce risk. Morley Fund Management, for example, has produced environmental reporting guidelines, outlining the type of information it expects companies to include in their reports. (They have introduced a requirement for companies to disclose their approach to managing their environmental impact).

24.11 **'Keeping up' with competitors and where the market is :** This is where business is heading: the world over, regardless of the regional culture. The UK, Denmark, France, and other areas in Europe; the USA, Canada, India, South Africa, China are the countries that come to mind immediately when discussing whether and how companies are embracing the concepts of corporate social responsibility. There are others. For all, the starting points are often different, some are driven by regulations and legislation, others are driven by self-regulation. Governments, the City, investors, local communities and suppliers are all putting pressure on companies to live up to their expectations of a company in society and in the environment. For enlightened companies, embracing corporate social responsibility makes good business sense. Those that get 'left behind' are missing business opportunities, competitor advantage and improved management opportunities.

By not engaging in CSR, companies are not only under-managing their impact on society and the environment, they are under-managing their own economic self interest.

25. McWilliams & Siegel (2001) predict that there is a 'neutral' relationship between CSR activity and company financial performance. In their study, they investigated this relationship using theory of the firm perspective, scale economies and cost-benefit analysis. Their three main conclusions were:

- The neutral relationship exists because the company that carries out CSR activities will have higher costs but higher revenues. Whilst the company that has no CSR activities will have lower costs but return on sales were used as financial measures. They found that change in CSP was positively associated with growth in sales. However, there were several limitations to this study:
- The data is only accurate for one given point in time; so on conclusion about overall financial performance can make.
- The societal expectation are sensitive to, and influenced by, the events and issues of this given point in time

These limitations illustrate the difficulty of using empirical data to suggest a positive relationship between CSP and financial performance. However, empirical evidence is needed to provide definitive answers as to why companies should assume the CSR role. Providing concrete evidence to manager of financial benefits of CSR should motivate companies to integrate CSR into their business activities.

The danger lies in the fact that the much vaunted TBL so beloved of government and business support organizations must be proved conclusively. Those companies attracted to CSR by this motivational factor only may find the outcomes disappointing.

26. CONSUMERS

26.1 Consumer pressure and damage to the global image of popular brands is one reason why companies may be motivated to assume the mantle of social responsibility. Much recent pressure has centered on the protection of the environment e.g. Campaigns to stop deforestation; other important issues include the protection of human and animal rights, safeguard jobs, the inclusion of minorities and the behaviour of companies operating in the developing world. A classic example is that of shell whose handling of the Brent Spar affair led to widespread consumer boycotts, and whose operation in Nigeria nave been widely criticized. These issues motivated the company to issue its first Report to Society in 1998:

26.2 "The public demands from us the highest standards of ethical and environmental responsibility. They expect us to take a long-term interest in the economic and social well-being of the wider community, including the international community, and reflect this in sensitive development of the world's resource" (Shell UK Ltd. Report to Society 1998)

26.3 The Shell case also illustrates the difficulties that exist in drawing the line between what a company may and may not be responsible for. In Nigeria, Shell was asked by the local community and political institution to find solution to local political societal problems without having the social or political authority to do so. Consumers may often make demands on a company to act in responsible manner in area outside the company's sphere pf influence (and indeed outside the consumer's experience) where they do not actually sell their products.

26.4 "Shell companies are not just economic actors; nor can they be social activities... Their role lies somewhere in between, as responsible, efficient and acceptable business organisations acting on the changing world stage" (Watts 1998)

26.5 Consumer pressure is very strong in the developed world and is likely to increase not decline, especially in the current climate of concern about public health. Recent anxiety in the UK has centred around food and farming, highlighted by the BSE and Foot and Mouth crises. It is high profile consumer related concerns such as these that will force more and more companies into adopting some of the principles of CSR.

27. RISK MANAGEMENT

27.1 Risk management has tended to centre on the problems that can be caused by consumer pressures. However, today risk management encompasses a wider range of stakeholders, each of which must be considered if a company is to avoid a variety of pitfalls and protect its reputation. Companies often conduct business in areas where they could be at risk, especially if working in developing nations or with companies with irresponsible practices. CSR activities can be used to mitigate these risks. The increased exposure of companies to the glare of public scrutiny has encouraged (or forced) business to be increasingly transparent in their environmental and social disclosures. This has led to a growing trend in environmental and social or sustainability reporting, and a commitment to improving social performance.

28. EMPLOYEES

28.1 Many studies have shown that investing in employees can bring direct benefits to a company both financially and in terms of increased employee loyalty and productivity. Such investment can include schemes like provision of childcare facilities, flexible work hours and job sharing. Employee investment is and essential aspect CSR as the workforce is also the community; especially in smaller companies where a substantial proportion of employee are likely to come from the local community. Involving employee in CSR activities is another way of investing in them. Fro example Ben & Jerry's employee led CSR schemes through the Ben & Jerry's Foundation an example of which is the employee –led community Action Team, which distribute small grants to community groups (Ben & Jerry's Foundation 2002)

28.2 Good social performance also provides companies with a competitive advantage when attracting a skilled workforce. Gaining access to highly skilled, high value labour likely to be stimulated by, and interested in, companies with well developed CSR approaches is a strong motivating force.

A recent study suggested that applicants are more likely to pursue jobs from socially responsible companies than from companies with poor social performance reputations (Greening and Turban 2000). The study found that applicants might have a higher self-image when working fro socially responsive companies. Examples of companies using their CSP as a means of attracting quality employee include IBM, Microsoft and General Motors.

29. PERSONAL VALUES

29.1 Companies (and individuals within an organization) may be motivated to carry out CSR for moral reasons. This approach to CSR is described in the literature as discretionary, voluntary or philanthropic CSR. Voluntary CSR goes beyond the usual economic confines of social responsibility in contributing to the common good at the possible, probable, and rectify harms that a company may cause; it assumes the responsibility for societal problems that the company has not created. Carroll & Buchholtz (2001) also term this behaviour as 'corporate citizenship'. A good example of voluntary CSR can be seen in the activates carried out by Ben & Jerry's ice-cream company through the Ben & Jerry's Foundation: "About half our philanthropic dollars went to the Ben & Jerry's Foundation. It's mission is to support progressive social change in the United States by contributing to grassroots groups that focus on the underlying conditions that create social problems such as racism, sexism, poverty and environmental destruction". **(Ben & Jerry's Social Performance Report 1999).**

29.2 This approach has been questioned by a number of commentators, famously by Milton Friedman who argued that " The social responsibility of business is to increase its profits" (1970), and more recently by Lantos(2001) who argues that voluntary CSR lies outside the scope of business responsibilities. Why then would companies choose to get involved at this level? The answer lies in the personal values and commitment to principal of some individuals in business, who argue that it is the fundamentally 'right things to do'.

29.3 Stephen Timms launches draft international framework for CSR The publication of a global framework setting out the Government's approach to Corporate Social Responsibility (CSR) at the international level, was announced by CSR

29.4 Minister Stephen Timms The draft strategic framework focuses on encouraging action and progress to maximize the business contribution to social, environmental and economic development.

In a speech to the Chatham House conference 'Corporate Responsibility in Practice', Stephen Timms said: "Business action across the world is vital to help address the global challenges of climate change and poverty eradication.

29.5 The UK is seen internationally as a pioneer of corporate social responsibility and I am committed to ensuring that we keep up our active contribution to the policy debate. This framework is pivotal if we are to be clear about the strategic direction we want and our priorities for future progress on CSR at the international level. "The main priorities are to spread best practice, encourage innovation and ensure approaches that deliver practical outcomes and solutions. This includes encouraging all relevant international and inter-governmental institutions to be engaged and playing to their strengths and competencies." The UK Government would continue to support existing initiatives such as the OECD Guidelines for Multinational Enterprises and UN Global Compact as well as a range of more targeted initiatives in areas like ethical trading.

30. GLOBAL SCENE

30.1 Starbuck Coffee Co. has been recognized for its commitment to numerous stakeholders including coffee growers, the environment ,employees and communites while simultaneously achieving rapid financial growth. Another classic example is of transformation at Shell **(Hartman 2003)**

30.2 Europe seems to leading the cause of CSR . The European Commission has not only issued a green paper on CSR, but it has also defined CSR and detailed steps that companies, government and civil society can take to refine their commitment to CSR.

30.3 Apart from this many standards have been designed like Accountibility, Social Accountibility 8000, The Global Sullivan Principles , Max Havelaar, EFQM/Business Excellence , The Q-Lable , the Swan, Domini Social Indes 400, the EU Flower, Eco Efficency, Eco Management and Auditing Scheme(EMAS), Forest Stewardship Council, Complusory Green Accounts in DK,ISO 14001,The Rugmark Label,Fair Trade, SA 8000 , Global Reporting Initiative, Ethical Trading Initiative, UN Global Compact , OHSAS 18001.AA 1000 , Dow Jones Sustainibility Index, The Social index to name a few (BSR staff).

30.4 The web sites socialfunds.com for instance provide data on some 1800 large and mid size companies. Many other websites particularly csrwire.com and corporate .

31. LITERATURE ON WHY CSR IS ESSENTIAL TO BUSINESS (CSR Seminar 2005) Global Communication Revolution :

31.1 "Indeed, the revolution in communication technologies has created all sorts of new ethical dilemmas. Because it is mainly businesses that develop and spread new technologies, business also tend to face the first questions about how to use them. So companies stumble into such questions as data protection and consumer privacy. They know more than ever before about their customers' tastes, but few have a clear view on what use of knowledge is unethical. There might still be two good reasons for companies to worry about their ethical reputation. One is anticipation: bad behavior, once it stirs up a public fuss, may provoke legislation that companies will find more irksome than self-restraint. the other, more crucial, is trust. A company that is not trusted by employees, partners and consumers will suffer. In an electronic world, where business is geographically far from their customers, a reputation for trust may become even more important."

Source : The Economist " Doing well by doing good", August 22,2000.

31.2 **Communication Skills :** Awareness of corporate community involvement is low, and has remained low throughout the past decade despite the growing focus on social and environmental activities by both large companies and SMEs. This goes a long way to explaining why nearly three-quarters of the public believe that industry and commerce do not pay enough attention to their social wider communities. It is up to companies to find ways to communicate effectively with their costumers, employees and their local and wider communities. The overall message is clear-companies are now expected to be able to meet the responsibilities of the society in which they live and operate, whilst competing affectively. The rewards are high because if the public knows the values that a company stands for, and sees how these beliefs are actively demonstrated, they are more likely to have a positive image of that company".

Source : Corporate Social responsibilities Update, Autumn 2000

31.3 **Greater Cost of Misconduct :** Fear of embarrassment at the hands of NGOs and the media has given business ethics bigger push. Companies have learned that hard way that they live in a CNN world, in which bad behavior in one country can be seized on by local campaigners and beamed on the evening news to consumer at home".

Source : The Economist "Doing well by doing good", August 22,2000.

31.4 **Greater Cost of Misconduct:** Increasing Fines and Penalties. "In the USA companies have a special incentive to pursue virtue: the desire to avoid legal penalties. The first attempts to build ethical principles into the corporate bureaucracy began in the defense industry in mid 80', a time when the business was awash with kickbacks and $500 screwdrivers. The first corporate-ethics office was created in 1985by General Dynamics, which was beginning investigated by the government for pricing scams. Under pressure from the Defense Department, a group of 60 companies then launched an initiative to set up guidelines and compliance programs. In 1991, federal sentencing rules extended the incentive to other industries: judges were empowered to reduce fines in cases involving companies that had rules in place to promote ethical behavior, and to increase them for those that did not."

Source : The Economist " Doing well by doing good", August 22,2000.

31.5 Global Reporting Initiative (GRI) – Issue in 1999, but development is ongoing The GRI is an international reporting standard for voluntary use by organizations reporting on the economic, environmental and social dimensions of their activities, products and services. Using input from reporters and report users, the GRI has sought to develop a list of specific indicators for reporting on social, environmental and economic performance. The GRI pursues this mission through a multi-stakeholder process of open dialogue and collaboration in the design and implementation of widely applicable sustainability reporting guidelines.

- Mission Statement
- June 2000 GRI Guidelines
- Documents

31.6 Effect of " Best Practices" of Environmental Management on Cost Advantage: The Role of Complementary Assets: "Research on the effects on firm performance of best practices of environmental management, which are supposed to enable firms to simultaneously protect the environment and reduce costs, has so far ignored the roles of existing firm resources and capabilities. Drawing on the resource-based view of the firm, this study analyzes whether complementary assets are required to gain cost advantage from implementing best practices. Results based on survey data from 88 chemical companies indicate that capabilities for process innovation and implementation are complementary assets that moderate the relationship between best practices and cost advantage, a significant factor in determining firm performance".

Source ; P Christman, Academy of Management Journal, 2000 Vol. 43, No. 4, 663-680.

32. CASE STUDIES IN CORPORATE SOCIAL RESPONSIBILITY

32.1 **Ashish K . Chatterjee :** In his article in the book on Corporate Community Partnership discusses the Corporate Community Partnership through HR Intervention in National Thermal Power Corporation. Due to the acquisition of land for big projects like Singrauli Super Power Thermal Station it has led to various social and economic problems. Inspite of resettlement efforts, the success lies in Corpoarate Community Partnerships. The paper describes various HR interventions undertaken to strengthen community corporate partnership. It gives account of resettlement activites undertaken by NTPC in Singrauli Super Power Thermal station. The HR oriented work of Social Scientists for Village Development Committees and many other efforts have been analyzed.

32.2 **Robert Menezes :** (HRD NewLetter, Oct 2004, Vol.20. Issue 7) narrates the path breaking achievement of Lupin Ltd. CSR : FICCI Award winner in the arena of corporate social responsibility and in many ways redefining the business context of CSR, which is a topic of debate and discussion in corporate India Today. Lupin focused approach to CSR stems from the very experience of Lupin Human welfare and research foundation (LHWRF) its CSR wing based out of Bharatpur Rajathan. It is being spearheaded by Executive Director of Lupin Mr. Sitaram Gupta who reports directly to chairman. LHWRF has a dedicated team of core functional specialists and hundreds of Gram Sevaks based out of Individual villages. The paper describes the unique beliefs, approaches and areas of operations of Lupin in CSR.

32.3 **Banks and their Social Responsibilities :** Indian banks have realized their involvement in the commercial sector must be backed by a simultaneous commitment in the social sector. ICICI Bank articulates the banking sectors new found corporate conscience. Banking sector have to focus on social sector if any of the larger goals of economic liberalization in India and of its players is to be brought to Fruition. Micro credit has proven to of value in fighting global poverty. The foreign bank has contributed about $ 10-50 million towards micro financing in the last 5 years. Indian Banks have put up an impressive score card . Banks have financed more than 3,61,731 self help groups in 2003-04 and disbursed loans of Rs.1157 crores to new groups and additional loans amounting to Rs. 697 crore to existing groups. The national Bank for Agriculture and Rural devpt has disbursed Rs 4284 crore till now. Most foreign banks in the country are socially conscientious about their responsibility towards the poor. HSBC, Standard Chartered Banks and ABN Amro have made sizeable contribution in this regard. " We have a social responsibility and we specially care about the people in our key markets where we undertake micro financing like in Brazil, Chicago, Holland and India says Ellen M L Kousen head corporate sponsoring and managing board hospitality ABN amro.

The State Bank of India (SBI) has disbursed about Rs. 600 crore in 2003-04 of which about Rs. 400 crore was through the savings of the poor , pointed balakrishnan. Last years disbursal by the industry was equal to the cumulative amount of so many years.

31.4 **HPCL – Hindustan Petroleum Corporation Ltd :** One of the largest oil companies in the country, a mega Public sector dedicated a series of community initiatives in the Tiruvidaimaradur , a district of TamilNadu. HPCL spends every year on creation of educational infrastructure such as construction of classrooms, furniture, books, lab equipments etc of schools located in remote areas for development of tomorrows citizens. HPCL as a responsible corporate citizen recognizes that its role has a social dimension beyond the balance sheet and is committed to the welfare of the society. HPCL looks not only for returns from business but also plays a pioneer role by giving unflinching support towards protection of environment and for improving the standard of living particularly of rural people at large. The corporation has identified thrust areas like Primary Education, Health, Sanitation, Drinking Water facility, Income generating Scheme, Vocational training & environment , Development of Women and Children, Rehabilitation of Environment.

31.5 **TATA- Giving Back to the Community a Commitment for a Lifetime :** Jamshedji Tata the founder of the Tata Gorup laid the foundation for what is toady the Tata Group philosophy on Corproate Social Responsiblitity. The wealth gathered by Jamshedji and his sons in ahlf a century of industrial pioneering formed but a minute fraction of the amount by which they enriched the nation. The whole of that wealth is held in trust for the people and used exclusively for their benefit. The cycle is thus complete. What came from the people has gone back to the people many times over. JRD Tata.This has formed the framework on which the philosophy of Tata Motors Corporate Social responsibility is based...the philosophy of giving back to the community. At Tatas the concept of Triple Bottom line is being practiced which means that strong financial performance needs to be accompanied by strong performance in the area of Environment Management and Corporate Social Responsibility.Tatos Motors has a hoslistic approach to CSR. Its commitment is not restricted to financial resources. Volunteering is a way of life where employees across India at ehe vaious plants and offices voluntarily initiate head implement and participate actively in its CSR initiatives and activities.Totao Motors is committed to enhancing the quality of life of the people thoruhg initiatives in health, eduation, employment, building schools and dams, digging wells in areas where water is scarce, soil and water conservation , conducting vocational training courses to name a few.

31.6 **Wipro :** Through the Azim Premji Foundation has dedicated itself to the casue fo universailzation of elementary educational in India , and currently runs 1900 schools in various parts of India. The focus of CSR dimension of Wipro is to infuse management excellence in the social sector and provide corporate NGO expertise in managing issue of primary importance particularly education as it bears the future of children.

31.7 **Hindustan Lever Ltd. :** Hindustan Lever believes that Corporate Social Responsibility should be manifested in company activities .HLL was among the first in 1950's to focus on important substitution when balance of payments was an issue. Since the 1980's most of its investments have been in designated backward areas and zero industry district thereby spreading industrialization. Besides making CSR integral to its businesses, HLL is also engaged in philanthropy , Education, health and hygiene, water conservation/greening and other thurst areas.

31.8 **Larsen and Toubro** : which is the nucleus of a groups of companies with manufacturing complexes, work sites, offices and service outlets at several location in India. Good corporate citizenship has been the underlying concept behind the operations since its founding. Over the last six decades and more of operations, L& T has endeavoured to discharge its social responsibilities to its various constituents like customers, employees, shareholders, vendors, suppliers, subcontractors, government, educational institutions, social service organization and the public at large through various means.

31.9 **BPCL- Bharat Petroleum corporation Ltd.** : CSR at BPCL promotes a vision of business accountability to a wide range of stakeholders the key areas of concern being environmental protection and well being of employees as a good corporate citizen . BPCL continuously y strives to partner with society in various developmental activities and work towards being an innovative carrying and reliable organization.

31.10 **Jindal South West Foundation :** The aim of the foundation is that there is something more than profit in business. The foundation intents to create wealth for the stakeholders so that they could survive and sustain. JSW operates in health and education initiatives. The foundation is providing the best secondary and tertiary health care at Vijaynagar in Dist Belri Karnataka. The foundation has also made provision for concrete roads, ayurvedic ashram, drinking water facilities etc. To promote art and culture the foundation runs the Jindal Arts and Creative interaction centre.

31.11 **Gujarat Ambuja cement Foundation :** the foundation is aimed at participating at the community development of the surrounding area. The foundation currently works in 155 villages. In the rural areas constant programmes and projects have been undertaken to improve the soil fertility. Salinity in grace , water recharging , non renewable energy , rural literacy.

31.12 **Orpat Charitable trust – Morbi :** Orpat is known precisely in the filed of electronics specially for Ajanta Quartz , telephone insturments, calculators. It is one the largest manufacturers of the world and has currently entered into other areas also. Orpat Charitable Trust is established in 1993 with 77870000 Rs.fund. the organization is currently maximum active in Morbi, Maliya and Tankara tehsil Saurashtra region of Gujarat State. With the help of the govt grants in the last 10 years the organization has completed the total works of 5 crore 55305000 Rs. The fund is largely utilized for Water harvesting,

telecentres, toilets in Girls Schools, Sardar Awas Yojna, Indira awas Yojna, rural forestry, Animal Husbandry, Medicinal farming besides the trust also runs Sadbhavna Hospital and Youth Development Centres. The trust is very popular for convincing people to make them participant in the main stream of development.

31.13 **AMUL** : CSR at AMUL has been defined as the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and the society at large to improve their quality of life in ways that are both good for business and for development. To meet with the CSR it is expected that a business in its entire procurement production marketing chain should focus on human development involving the producer, the worker, the supplier, the consurmer, the civil society, and environment. The Company has a CSR sensitive organization structure, in which the first tier is the cooperative society at the village, of which milk producers are voluntary members, managing the cooperative through a democratically elected managing committee, the second tier is the district cooperative that processes milk into milk products, markets locally and sells surplus to the state cooperative for national and international marketing. AMUL also ensures a CSR sensitive Business Philosophy as reflected by GCMMF. It is two fold one to serve the interests of milk producers and second to provide quality products to consumers as value for money. Evolution of an organizational system has ensured that the corporate social responsibility towards the primary milk producers, village and the ecological balance is fulfilled. It also has a CSR orientation to Distributors and Retailers wherein GCMMF has identified the distributors and retailers as important link in its vendor supply chain. Through surveys the GCMMF found that 90% of the distributors do not get any opportunity of exposure to latest management practices. The GCMMF realized that is was a corporate social responsibility to strengthen the core business processes of its distributors so as to keep them in mainstream business and compete with those with formal training in management. The GCMMF has developed and trained all its distributors through Value – Mission – Strategy Workshop , competency buiding, Amul Yatra, Amul Qulaity Circle Meetings, computerization and electronic commerce activities.

31.14 **Reliance** : as a responsible corporate citizen, reliance believes that its corporate responsibilities extend beyond the areas of its manufacturing facilities and offices. Reliance also believes that for ensuring sustainable all around growth, organization growth objectives need to be in line with overall development imperatives of society and community at large.

Reliance encourages funds and develops numerous education, health, human capital and infrastructure initiatives. These initiatives are undertaken though various organizations including corporate and trusts. Reliance commitment to corporate social responsibility has received a firm footing through the formation of Dhirubhai Ambani Foundation (DAF) which initiates community welfare and development projects especially in healthcare and education.

31.15 Aditya Birla Group : Smt. Rajashreeji Aditya "Business is not simply an end in itself but that it must result also in the larger good of the society. Business cannot operate in isolation from society. Therefore a social vision is as much integral to a corporation as business vision."

31.15.1 For nearly fifty years now, the Aditya Birla Group has been and continues to be involved in meaningful welfare driven initiatives that distinctively impact the quality of life marginalized people, surrounding hundreds of villages near its plants spread all over India. Villages that are among the poorest In India.

31.15.2 The Aditya Birla Center for community initiatives and rural development spearheaded by Smt. Rajashreeji Birla is the Vehicle through which all of the Groups' welfare driven initiatives are channeled. Mr. Kumar Manglam Birla, the Aditya Birla and all of its Group companies are equally committed to the center and are involved into the work carried out under its aegis.

31.15.3 The Aditya Birla Center for communities' initiatives and rural development has the Mission that there should be.

- Education for all: to secure them a bright future
- Sustainable live hood: through training and education for skill development
- Health care and hygienic living condition
- Restoring self esteem of the physically handicapped
- Empowerment of women
- Community development: Holistic development of the community including infrastructure
- Espousal of social cause

The focus areas of community initiatives are

- Education and value orientation
- Women empowerment
- Health & hygiene
- Infrastructure development
- Agriculture

31.15.4 As Birla Cellulosic is a Green field project of Grasim Birla industries Ltd. Which was conceptualized in the year 1994 and was fully commissioned in 1998. It has started taking community initiatives to follow the philosophy of group. They have their own rural development department, which is taking care of their vision and mission to be achieved, which are also same for the whole Aditya Birla Group's companies and their common center i.e. The Aditya Birla Center for communities initiatives and rural development."

31.16 **Infosys and Community Involvement :** They believe that a company has to function as a responsible corporate citizen. The Infosys Foundation, established in 1996, focuses on promoting education and vocational training to less privileged members of society especially those in rural areas. Considerable work has been done to improve the lot of senior citizens, economically disadvantaged gifted students, the handicapped, and the destitute. In addition, there are ongoing efforts to develop and promote regional culture. These activities are carried out with the enthusiastic involvement of Infosys employees. Social responsibility is thus an integral part of our business philosophy.Some of the key schemes anchored by the Infosys Foundation are:

- Setting up science centers in rural areas
- Setting up orphanages
- Constructing hospital wards and providing medical equipment
- "A Library for Every School" program - so far, 1001 libraries have been inaugurated
- Distributing folk music cassettes and music systems to community centers.

32. NATIONAL AND INTERNATIONAL SEMINAR ATTENDED BY RESEARCHER AND REVIEW OF OTHER SEMINARS AND CONFERENCES IN THE FIELD OF CORPROATE SOCIAL RESPONSIBILITY

32.1 National Seminar of CSR : People First : Partnership between Business and Society organized by CII at Mumbai 16th feb 2005 Major deliberations aimed to form a consortion to effectively formulate structural and operational framework to strengthen Business Social Partnerships in India and role of various Stakholders and CII leadership and need for organization were deliberated

32.1.1 Stakeholder Consultation on ISO Standards for Corporate Social Responsibility, organized by development alternatives , Safety Action Group and IISD , Vadodara 28th Aug 2004

32.1.2 Discussions were held inviting various stakeholders on the need for having a Code of Conduct for CSR and Role of ISO

32.2 Review of other Important Seminars and Conferences in CSR International Seminar Organized By The Gandhi An Institute Of The Studies At New Delhi (1965)

The seminar been organized on 15 March to 21 March 1965 at New Delhi. Here at this seminar the delegates from the different industrial sectors been agreed on following aspects: F The business activities must be just and humane F Business must consider the happiness and welfare of the people with whom it is dealing with F Every business house must discharge its Social obligations toward its various stakeholders and society F Every organization must assume some degree of social responsiveness irrespective of their size, type and nature of their business activities.

32.3 International Seminar Organised By The Gandhian Institute Of The Studies At Calcutta (1966) This seminar was held on March 25th to 27th 1966 and issues pertaining to social responsibilities of business been discussed at this platform at this seminar participates had felt a strong need for the structured norms ad the social standards for the dis chargment of the social obligations which had putted forwarded in the New Delhi seminar. At this seminar one standing committee been formed with the sufficient powers to implement the ideas were come out during the discussion.

At this seminar, some social norms been suggested to the business houses further the delegates had also explained some of common difficulties in the social obligations and suggested means to overcome from the same.

32.4 Meeting Organized By The Leslie Saywhy Programe Of Training Of Democracy (1969) In the September 1969 meeting of industrialist held in the Bombay to discussed the problems of social responsibilities of business under the Chairmanship of Nani Palkhiwala, at this place it been stressed that the business firms must formulate and adopts social objectives which will help the business to full filled its social obligations towards the various sections of the society.

32.5 Seminar Organized By The "Agricultural Finance Corporation " At Ranchi (1974) In the year 1974, AFL had organized a meeting of leading business firms and financial Institutions to discussed the CSR and its related issues. At this place, it has been decided to form a staring committee, which will help the business firms in discharging their social obligations. As an out come of this seminar two more seminars were held one at Lukhnow and another at Ahmedabad. In these seminars it been suggested to business firms to participate in rural development projects by providing managerial and financial aids. Further, in this seminar it was also emphasized that the firm should give equal justice to social goals in its annual planning and also to worked out some of the standards to measures the organizational social goals i.e. is to what extent the firm has been successful in achieving its social goals.

32.6 Seminar Organized By The Tata Iron And Steel Company (Tisco) At Jamshedpur – 1979 In 1979, the TISCO organized a seminar on CSR, at this seminar one action plan had been prepared to help business firm to achieve its social goals. The plans includes the conecept of SHG, Awareness campaigning for re-structuring of the community, encouraging cultural activity, special efforts for education Framing for children to make them responsible citizens of the country. Introducing Socioeconomic programmer to provide additional to rural people & solve the problem of unemployment in rural India. In this action plan equal plan equal stress also given to the family welfare on regular basis.

32.7 Seminar Organized By The Centre For Public Studies In New Delhi (1979) The center for public sector studies organizes a seminar on profitability, accountability & social responsibility of business.

In this seminar it was emphasized on business firm to workout its social objectives at micro level as well as macro level. Further the organization should also work out the mechanism to evaluate its social efforts. Further it was also delectated at this seminar that the business firm should imbibe its social goals as an integral part of its working.

32.8 Endevoures Of The Bengal Chember Of Commerce And Industry In Community Development (Bcci) – 1975. The BCCI has tried to take up community development programme from time to time for the benefits of society at large. They have formulated the GROUP of six industries under the leadership of BCCI. This help the local entrepreneurs to set up small business units in villages by providing financial assistance for the marketing of product & technical know-how.

32.9 Endeavours Of The Associated Chamber Of Commerce And Industry (1976) ASSOCHAM set up a committee on in & rural dev in 1976. the committee has identified the role of various chambers & industry in a country as a CSR. To encourage the various activities relating to CSR this association i.e committee create required amount of enthusiasm among its members to take a part in the activities of social development. It acts as a mediator for various voluntary organizations liaison with state department for solving issues which are affecting business activities. It also prepared social reports indicating social progress for state as well as for society at large. It also under taking "Social Audit" to Analyses measures the social performance of member's organization & give awards to them for their excellent social efforts.

32.10 Workshop Organised By The National Institute Of Rural Development At Hyderabad (1979) A workshop on the role of business organizations in rural development was organized at Hyderabad from Nov 13 to 15 1979. It had leads to following guidelines & the suggestions concerning to involvement of business in social activities. The Business house should construct a Rural development them under the leadership of senior executive. The firm should invest their own resources to performing the RDP. Further while discharging social obligations the business must give preference to local resources like local bodies, village co-operative & voluntary organizations for discharging CSR effectively it is important for a team to get familiar with rural life their problems & needs. Further they the org should also invest convincing funds for the necessary training of CSR staff.

32.11 Seminar Organized By The Punjab, Haryana, Delhi Chember Of Commerce And Industry (1980) In this seminar, some important observations were made with respect to the role of India in Rural Development gist of this seminar is as follows. The India should invest its expertise in development of technology, which will the small & Marginal farmers to fulfill their expectations. The India can also help the rural masses by developing necessary infrastructure facilities. The India can also provide guidance for all-round development of the villages by undertaking pilot-projects.

32.12 Seminar Organized By The Govt. Of Hariyana At Faridabad (1980) In this seminar the chief minister of Haryana Mr. Bhajanlal had given a more emphasis on the RDP. In this seminar the state of Haryana issued a list of projects on RD which can be taken up b Board Officials and issued instructions to provide necessary help for formulating RDP & also announced tax exemption to the industries willing to participate in RDP.

32.13 Endeavors Of FICCI in community development (1980) FICCI during 1985 announced certain business ethics, which should be followed by its members. The Main objective behjing such announcement was to make their members socially responsible. It had also formulated consumer Business form to monitor the compliance of these ethics. Further it had formulated certain recommendations like Q.A. of product MFG & sold, assistance in subsidizing distribution of goods & services etc.

32.14 Seminar Organised By The Centre For Labor Education And Social Research New Delhi (1986) A national seminar on technology, productivity & employment was organised by CLEAR. It had focused on various aspects of CSR & its relationship with the trusteeship principle. It emphasized that the business world should involve them serve in CSR movement. The business world should also try to implement trusteeship approach in their working pattern.

32.15 Code Of Conduct For Busienss Announced By The Association Of Indian Engineering Industry The association has announced certain norms in relation to CSR, They advocated that the safety norms should be in alignment with the std. laid down by statutory bodies like ISI, DIM,BSS, GOST etc. in advertisement of consumer good fairness should be maintained India should comply with environmental protection mentioned stated by Govt.

32.16 Recommendations Of Council Of Conduct For Business The above said council has worked out certain norms out of which some of them ware related with CSR & they are as follows F Charging only fair & reasonable prices for goods & services. F Not to create artificial shortage of goods & services. F No misleading advertising. F Invoicing at correct price for exported & imported goods. F Keeping accuracy in weights & measures & not to deal in smuggled goods.3

33. GLOBAL SCENE

33.1 Starbuck Coffee Co. has been recognized for its commitment to numerous stakeholders including coffee growers, the environment ,employees and communites while simultaneously achieving rapid financial growth.

33.2 Another classic example is of transformation at Shell (Hartman 2003)

33.3 Europe seems to leading the cause of CSR . The European Commission has not only issued a green paper on CSR, but it has also defined CSR and detailed steps that companies, government and civil society can take to refine their commitment to CSR. Apart from this many standards have been degined like Accountibility, Social Accountibility 8000, The Global Sullivan Principles , Max Havelaar, EFQM/Business Excellence , The Q-Lable , the Swan, Domini Social Indes 400, the EU Flower, Eco Efficency, Eco Management and Auditing Scheme(EMAS), Forest Stewardship Council, Complusory Green Accounts in DK,ISO 14001,The Rugmark Label,Fair Trade, SA 8000 , Global Reporting Initiative, Ethical Trading Initiative, UN Global Compact , OHSAS 18001.AA 1000 , Dow Jones Sustainibility Index, The Social index to name a few (BSR staff).

33.4 The web sites socialfunds.com for instance provide data on some 1800 large and mid size companies. Many other websites particularly csrwire.com and corporateregistrer.com give investors access to reports companies issues on how much their business affects the environment and human rights (Scherreik,2002)

34 CONCLUSION

34.1 Amongst the various theoretical views and theories discussed on CSR the researcher tends to concurs to various dimensions of different theories and approach since each thinker has contributed constructively criticized and advanced the thought by their unique contribution however endorses the views of Archie Caroll, Andrew Carnegie, Tom Cannon and Keith Davis. It is also to point out that to some extent even Milton Freidmans argument cannot be totally rejected because of an absolute economic and business orientation . Integrating the various theories, approach particularly the trusteeship and ethical approach various and models to suit the needs of a particular industry based on fundamental business philosophy shall be the concern of professional social workers. The researcher strongly concurs to models advocated by Gupta Dipankar (CSR Concept and Cases 2005) since interventions can be tailored according to nature of of top manangement initiative and philosophy of social responsibility emerging from private and public corporate sector and endorses the objectives of Strategic Model with a view to ensure measurable results in the programmes and strategies evolved for communities through professional social work interventions and offering concrete solution to some pressing problems of society since the very purpose of social work research is not just knowing the problems but taking strong action to solve as problem by effectively.

34.2 From the review of important literature on various dimensions of Corporate Social Responsibility it can be concluded that the present theme is being rigorously researched and emerging as a demand for corporate to respond since global discussions and debates are increasingly compelling corporates to address the environment , social and welfare goals and has several implications for the profession of Social Work and HR in developing further analytical perspectives for development of profound knowledge base on the subject and undertaking academic, field work, research initiatives for developing a social work response at the policy and programme levels of Govt. partner NGOs and corporates as well as multiple partner organizations and civil society.