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2.1: Introduction:

This chapter deals with the review of literature on Corporate Social Responsibility, CSR definitions, background, growth and development of CSR, theoretical views on CSR, Global efforts in promoting CSR and CSR in Indian context. It also offers a cursory glance at the CSR initiatives of some global and Indian companies along with the CSR initiatives of Govt. of India.

2.2: Review of Literature:

Edward and Willmott (2008)\(^1\) reviewed the social responsibility reports of different companies to compare the frequency of usage of four key terms: corporate citizenship, corporate responsibility, corporate social responsibility, and sustainability. They observed that, since 2003, corporate citizenship and, to a lesser degree, CSR have been losing usage to rival concepts, such as corporate responsibility and sustainability.

Banyte and Gadeikiene (2008)\(^2\) observed that discussions about corporate social responsibility (CSR) are receiving increasing attention not only in business literature, but also in marketing researches. The research studies are focused on different marketing topics, such as social responsibility among marketing professionals, consumer reactions and responses to CSR, CSR practices, and corporate identity and purchase intentions.

Kovaliov and Streimikiene (2008)\(^3\) analysed the main roles of public sector in CSR development and make recommendations for Lithuania. They observed a significant opportunity for public sector bodies to harness current enthusiasm for "CSR" to delivery against public policy goals and priorities. Public sector bodies can also develop or support appropriate CSR management tools and mechanisms, including voluntary product labeling schemes, awards, bench marks, and guidelines for company management systems or reporting.
Melynyte and Ruzevicius (2008)\(^4\), in a study have examined the relationship between CSR and HRM and the situation in Lithuanian companies – how employees are willing to engage in the CSR activities. They observed that CSR provides HR with opportunities. It provides a further opportunity to contribute to business success and employee satisfaction and performance. It also provides additional opportunities to contribute to community wellbeing.

Humphreys and Brown (2008)\(^5\) in a case study explored how individuals in a financial institution dealt with relatively novel issues of corporate social responsibility (CSR). They suggested that an increased emphasis on CSR would have beneficial implications in terms of brand/reputation, the attraction, retention and motivation of staff, Institutions licence to operate in the local community and might even improve the company's share price.

Hanson (2008)\(^6\) observed that climate change is high on corporate agenda and the number of climate change-related jobs in the workplace is growing. He quoted Stephen Howard, chief executive of Business in the Community – "CSR is getting more boardroom attention; universities now run degree courses in CSR. Like the evolution of the HR professional, we are seeing the evolution of the CSR professional." CSR budgets and team sizes are still relatively underdeveloped compared to those of more entrenched areas, such as marketing, HR, finance and IT. According to Howard, businesses are increasingly using it as a tool to manage risk and reputation.

Harvey et al. (2008)\(^7\) observed that in order to promote CSR, companies realize that they need employees who believe in sustainability and environmental causes. Thus, they seek a new type of worker classified as a “Green Collar” worker. A Green Collar worker is an environmentalist, someone whose functions include protecting the environment, encouraging sustainable workplace practices, and raising environmental awareness among co-workers. Research on the reactions of employees to their employer's level of CSR found that both employees' engagement levels and opinions of senior management are improved when they perceive the organization is actively involved in CSR efforts.
Milburn (2008) observes Corporate Social Responsibility (CSR) is a fast-growing global business practice that has become a key corporate strategy for multinationals and SMEs alike. CSR includes compliance with government laws and regulations, charitable activities and other forms of ethical governance, but importantly it converts them from passively accepted cost burdens to active strategies that equally benefit business goals, corporate stakeholders and society in general.

Verschoor (2008) points out a paradoxical gap between what companies say they value and what they actually demonstrate by their actions. The 2007 State of Corporate Citizenship Survey was the third biennial study of the citizenship attitudes and actions of senior U.S. executives conducted by the Boston College Center for Corporate Citizenship (BCCCC).

Lim & Phillips (2008) examined the criticisms of working and environmental conditions at subcontractors' factories of many transnational corporations and international organizations. They found that market forces contractors to focus on price and delivery as they compete for the lead firm's business, rendering CSR observance secondary.

Amaeshi et al. (2008) examined if firms to be responsible for the practices of their suppliers, the extent of this responsibility and how they could effectively translate such responsibilities into practice. The article highlighted the use of code of conducts, corporate culture, anti-pressure group campaigns, personnel training and value reorientation as possible sources of yielding positive moral influence along supply chains.

Singh et al. (2008) analysed consumers' degree of interest in corporate responsibility and its impact on their perception about the company basing on data collected from consumers in two countries — Spain and the UK. The findings here suggested a weak impact of company-specific communication on consumers' perception. The implications of this study are relevant to companies for strengthening their social responsibility.

Peng and Beamish (2008), examine the relationship between Japanese foreign direct investment (FDI) and the national corporate
responsibility (NCR) environment in host countries. Based on data from the Japanese Government's Ministry of Finance Accountability, and other sources, they found that the level of NCR had a positive relationship with FDI inflow for developing countries. The relationship for developed countries was negative but not statistically significant.

Dawkins and Ngunjiri (2008)\textsuperscript{14} compared the corporate social responsibility reporting (CSRR) of companies - environment, human relations, community, human rights, and diversity dimensions - in the emerging market economy of South Africa with that of companies in the leading economies represented by the Fortune Global 100. They observed that the frequency and level of CSRR in South African companies was significantly higher than that of the Fortune Global 100, which indicates a greater willingness to convey social responsibility in their disclosure practices.

Iankova (2008)\textsuperscript{15} addressed the question - how companies in post-communist societies have been managing to cope with conflicting pressures regarding their basic goals, functions and role in society. The paper explored the complex transformation of the paternalistic social mission of state socialist firms based on an in-depth case study of the Bulgarian experience. It was observed that during the transition to democracy and a market economy, enterprises had to cut down their extensive social programmes in order to secure survival in an emerging competitive market environment. At the same time, the global trend towards greater corporate social engagement put increasing pressures on firms to become 'good corporate citizens'.

\textsuperscript{*} The concept of NCR was developed by researchers at the Institute of Social and Ethical Accountability (AccountAbility) to examine both the extent to which there is an enabling national environment for corporate responsibility and the resulting outcomes of corporate responsibility practice. National Corporate Responsibility Index (NCRI) takes into account more than two dozen institutional factors under seven categories: ethical business practices, corporate governance structures, progressive policy formulation, building human capital, engagement with civil society, contribution to public finance, and environmental management.
Belal (2007)\textsuperscript{16} critically examined the reasons for corporate reluctance to report on social and environmental issues in general, and eco-justice issues in particular in the context of Bangladesh thereby exposing the corporate motivations behind such reluctance. The findings suggested that the main reasons for non-disclosure included lack of legal requirements, lack of knowledge/awareness, poor performance and fear of bad publicity. Given these findings the paper raises some serious concerns as to why corporations would ever be expected to voluntarily report on eco-justice issues where performance is poor and negative publicity would be generated.

Ebner and Baumgartner (2006)\textsuperscript{17} clarified that CSR correlates with the social dimension of Sustainable Development (SD) as defined by Brundtland. Further, they found that SD and CSR are used synonymously and CSR represents SD on a corporate level.

Pachauri (2004)\textsuperscript{18} viewed that the broad rationale for a company's social responsibility arises from the fact that a business enterprise derives several benefits from society, which must, therefore, requires the enterprise to provide returns to society as well. While the interests of shareholders and the actions of managers of any business enterprise are to be governed by the laws of economics, requiring an adequate financial return on investments made, the operations of an enterprise also need to be driven by a much larger set of objectives that are today being defined under the term Corporate Social Responsibility (CSR).

Murti (2005)\textsuperscript{19} observed that over ten years, people have increasingly begun to appreciate that the success of a business is inextricably tied to the welfare and stability of the community. "People" and "planet" also have a part to play alongside "profit". That view calls for a new corporate logic, in which caring for employees, communities and the environment is not only seen as morally correct, but also the best approach for continuity and profitability.

Worthington et al. (2003)\textsuperscript{20} examined the issue of 'corporate social responsibility' in South Asian-owned businesses operating in the United Kingdom. The most popular forms of socially responsible behaviour were found as donations to local causes and charities (in both cash and kind), sponsorship of local events and organisations,
support for local schools and colleges, environmental initiatives, ethical purchasing and staff-related activities. Organisational and individual involvement in CSR was driven predominantly by the personal beliefs, attitudes and values with religion and culture as key influences in shaping such behaviour. Structural arrangements for dealing with issues of social responsibility tended to be loose and informal, with the majority of initiatives decided and implemented by owners and/or senior managers. Goal setting and performance reporting and monitoring were largely non-existent in those organizations.

Katsioloudes et al. (2007) surveyed a number of companies to determine awareness of CSR, drawing the sample from all private sectors in the Non-Free Zone of the Dubai economy. The practice of Zakat, a requirement under the religion’s Holy Scripture to provide financial support for specific categories of people, including, inter alia, widows, the disabled, and orphans, for the purpose of ensuring a "better society" is common in the Arab world. Although this is technically a private affair, Zakat is a common feature of corporations all over the Gulf Region, including the UAE, with major companies donating significant amounts of money at specific times each year for different charity projects.

Brown (2001) presented a picture of perceptions and attitudes of modern Indian business towards corporate social and environmental responsibility (CSER), through a survey conducted by Centre for Social Market (CSM) in 2001. The findings of the survey revealed that companies across India said that philanthropy is the most significant driver of CSR, followed by image building, employee morale and ethics respectively.

Gupta and Saxena (2006) reviewed the CSR practices in India in general, and Aviation Industry in particular. They gathered manager’s perception of CSR orientation of their airlines. The authors also explored the perception of public about the CSR orientation of airlines in India, with particular emphasis on province of Rajasthan.

Holme and Watts (2000) views CSR strategy provides the opportunity to demonstrate the human face of business; such a strategy requires engagement in open dialogue and constructive
partnerships with government at various levels, IGOs (Inter-Governmental Organizations), NGOs (Non-Governmental Organizations), other elements of civil society and, in particular, the local communities. While implementing their CSR strategies, companies should recognize and respect local and cultural differences; finally, being responsive to such differences by taking specific initiatives.

Planning Commission (2007)\textsuperscript{25} says that CSR needs to be fully integrated into company's policies and culture. CSR should involve the local communities and work together on common strategies to ensure that solutions are found on local issues while keeping in view of the national priorities and the development paradigm. The corporate sector should respect human rights and take into consideration the impact of its economic decisions, especially in situations like setting up of Special Economic Zones (SEZs). Companies along with Governments need to ensure adequate and culturally sensitive rehabilitation and resettlement of displaced persons, wherein local people are partners in the process and find viable alternatives / livelihoods.

Centre for Corporate Research and Training (2003)\textsuperscript{26} studied large Indian companies, more specifically the companies that were included in the National Stock Exchange's broad based index - S&P CNX NIFTY, during January 2003. The study revealed that although many companies were aware of CSR and its benefits, the concept had not yet been the part of core business strategy. While most companies had policies in place related to labour issues, community relations and environmental practices, they were not backed by comprehensive implementation and monitoring systems. Community programmes or social development initiatives, in most cases, were philanthropic and/or ad-hoc in nature and not integrated into core business activities such as marketing and brand management.

Confederation of Indian Industry (2007)\textsuperscript{27} viewed that the challenge before leadership is to combine the strengths of business and technology with opportunities that help solve the tough problems of development and link social concerns with market forces – for a more equitable and sustainable model of growth for India, Asia and the world.
Fleishman and Hillard (2006) revealed the understanding of US consumers' perceptions regarding CSR issues through a country wide survey. The survey gave an insight into: how consumers define and understand “corporate social responsibility.” It also revealed the impact of a company’s CSR activities on consumers’ purchase behavior and overall opinion of a company.

Klein and Harford (2004) observed that activists were often unhappy with the laws governing business behavior and with their enforcement. One strategy they used to alter the behavior of corporations was to target not the laws but the corporations, hoping that they would change without being legally obliged to. Sometimes firms do, because they would rather incur the costs of behaving “better” today than the costs of being “shamed” later.

Bansal et al. (2008) described the way to translate good intentions into real results to improve firm’s CSR performance. To him, everyone concerned and affected judges companies. Whether one invests in them, buys from them, works for them, or just lives near them; it is difficult not to form an opinion. The most visceral of all judgments pertain to the firm’s moral actions – the kind that either do great good or great harm to people.

Matten and Moon (2008) addressed the question of how and why corporate social responsibility (CSR) differs and changes among countries. The authors are of view that the national difference in CSR can be explained by historically grown institutional frameworks that shaped national business systems. These are mainly - the political system, the financial system, the education and labor system, and the cultural system. To them, ‘Explicit CSR’ refers to corporate policies that assume and articulate responsibility of some societal interests voluntarily and ‘Implicit CSR’ consists of values, norms and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues. Applying Implicit-Explicit schools of thought in institutional theory, they conceptualized the differences between CSR in the United States and Europe and the recent rise of CSR in Europe.

Jamali (2008) made a case for a stakeholder approach to CSR. He adopted a stakeholder framework “the Ethical Performance Scorecard (EPS)” proposed by Spiller Model to examine the CSR
approach of a sample of Lebanese and Syrian firms with an interest in CSR and test relevant hypotheses derived from the CSR/stakeholder literature. The findings were analyzed and implications of stakeholder approach to CSR were drawn.

Jamali et al (2007) critically examined the CSR approach and philosophy of eight companies that were considered active in CSR in the Lebanon context. The findings suggested that systematic, focused, and institutionalized approach to CSR was needed for making it effective. It was found that the understanding and practice of CSR in Lebanon were grounded in the context of philanthropic action.

Baughn et al. (2007) examined two aspects of corporate social responsibility (social and environmental CSR) in 15 Asian countries like India, China, Malaysia, Singapore, Pakistan, Korea, Thailand etc. The performance of firms in these Asian countries on the two types of CSR was assessed considering country’s economic, political and social conditions of these countries, and compared with those of other countries like Norway, Spain, Germany, Norway and the UK, Canada, USA, Mexico etc. This study demonstrated substantial differences in CSR among countries and regions.

Donleavy et al. (2008) viewed that the distinctions between East and West in business practices were not as great as they used to be. The issues that used to divide them were nepotism, bribery and corruption, disclosure of key information in annual reports, employees’ conditions and rights, attitudes to patents and copyrights, attitudes to service, and even CSR itself; and thus sharply distinguished Western business culture from Eastern.

Porter (2008) observed that there was gap between organizations’ intentions to adopt corporate social responsibility (CSR) policies and their provision of a clear strategy and management tools for practically realizing such intentions. This piece of research developed a hands-on guide to the process of achieving sustainability goals and objectives; thereby contributing to both managerial practice and sustainability theory.

J Singh (2007) presented a case study of Tata Steel and described the underlying value system, and the wide portfolio of social programs of the company. In the process, it also triggered a
debate over the course of action based on the question whether Tata Steel can afford to maintain its traditional CSR strategy? In view of increasing competition, and the importance of cost competitiveness, has the time come for a comprehensive review of all that the company does and the way in which they are done?

Hoekstra (2003)\(^{38}\) viewed that while the environmental impact of the IT industry was relatively minor; its societal impact was very significant. The success of the industry has come without regulation, and has been enabled by the government staying out of the way, while facilitating some of the support services to the industry (i.e. Software Technology Parks of India). In return the industry could help the government solve a number of its operational problems, bringing in transparency and accountability, but these initiatives have to be voluntary in nature.

Hills and Welford (2005)\(^{39}\) described Coca-Cola's CSR initiatives in India. It is primarily been community, health and environment focused. The company has also set up primary school education projects to benefit poor children in slums and villages, supported community-based rainwater harvesting projects to restore water levels, and recently played a role in setting up a water project that involves educating local communities about water conservation.

Gill (2008)\(^{40}\) explored the recent transformations in the regulation of corporate governance and CSR. He identifies those transformations as the convergence; taking place against the background of "New Governance" and encompassing both corporate self-regulation and efforts by social groups to make this regulation more effective ("meta-regulation"). The article discussed the prospects and challenges of this convergence by outlining a series of conceptual and methodological inquiries.

Birch D. (2008)\(^{41}\) reviewed Aldous Huxley's most famous novel 'Brave New World'. This paper looks briefly at some of the things Huxley had to say that are relevant to our current thinking about the 'soul' of business and its relations to CSR and corporate citizenship.

Co'rdoba and Campbell (2008)\(^{42}\) reflected on developing business students' awareness and intervention skills on CSR issues. To develop the approach, they considered three areas of CSR that
needed attention. Those were (1) the incorporation of CSR issues into organizational purposes; (2) stakeholder management when thinking about CSR and (3) assessment of CSR impacts on society.

Bredgaard (2003)\textsuperscript{43} viewed that every type of policy instrument should be carefully evaluated in terms of efficiency, costs, acceptance, control; and should be tried out in practice. Instruments can also be applied in combination depending on the problem definition and desired outcome of designers as well as the wishes and experimental qualities of implementing agents; but to define CSR exclusively by voluntary participation of stakeholders is like throwing the baby out with the bathing water; which has been exactly the hidden agenda of actors opposing the concepts.

Williams (2000)\textsuperscript{44} discussed that UNESCO through its network of chairs in universities from Belarus to Zimbabwe deals with subjects like environmental protection, sustainable development and human rights; promoting cooperation between universities and private industry; increasing numbers of partnerships aimed at getting business involved in protection of cultural heritage and sustainable tourism through its UNISPAR programme. But, business itself needs to do more.

Galgoczi (2004)\textsuperscript{45} viewed that CSR is neither an objective nor an option. It offers challenges and opportunities that can also be shaped. These opportunities mean that trade unions would have lots of options in shaping CSR practices, and make sure that the CSR initiative is not weakening their basis and influence, but contributes to strengthen them.

Maclagan (2008)\textsuperscript{46} viewed that organizations social and environmental policies and practices were influenced as much by stakeholders as by organizational management. He was of opinion that stakeholders needed to press their case, demonstrate 'moral fibre' and try not to 'sell out' to powerful interests when they participate in the search for realistic solutions to social and environmental problems.

Valor (2008)\textsuperscript{47} explored the ability of consumers to buy responsibly; identified the main obstacles for responsible consumption; and suggested conditions for it to work. The main theme of this paper was that unless market information system was
corrected, consumers would not be able to buy responsibly and therefore, CSR would be seriously threatened.

Aguilera et al. (2007) provided a multilevel theoretical model to understand why business organizations are increasingly engaged in corporate social responsibility (CSR) initiatives; and thereby exhibiting the potential to exert positive social change. The model integrates theories of organizational justice, corporate governance, and varieties of capitalism to argue that organizations are pressured to engage in CSR by many different actors, each driven by instrumental, relational, and moral motives.

Pedersen (2006) found that companies often consider Environmental Management and Audit Scheme (EMAS) as a success even though the perceived financial costs exceed the benefits. But, it contradicted one of the central dogmas of traditional management literature: that success is always measured in terms of money. When companies decide whether or not they want to adopt an EMS or other CSR initiatives, they may be inclined to evaluate these systems based on their potential contribution to the bottom line.

Kleinrichert (2008) advanced an analysis - how individuals in corporations may use an inter-organizational approach to developing sources of power through CSR, by which a more meaningful qualitative reciprocity between corporations and the communities in which they operate can be developed. Such a relationship develops a source of power for the individual involved in this effort.

Reynolds and Yuthas (2008) examined voluntary corporate social responsibility (CSR) reporting as a form of moral discourse. They contrasted traditional stakeholder theory, which views stakeholders as external parties having a social contract with corporations. They discussed models of CSR reporting and accountability: EMAS, the ISO 14000 series, SA8000, AA1000, the Global Reporting Initiative, and the Copenhagen Charter.

Chih et al. (2008) viewed recent allegations of accounting fraud (or earnings management; EM) at Enron, coupled with similar ones at many other corporations, which indicated a serious decay in business ethics. Their study investigated whether the CSR-related features of 1,653 corporations in 46 countries had a positive or
negative effect on the quality of their publicly released financial information during the 1993-2002 period.

Gomez et al. (2008)\textsuperscript{53} reviewed Sacconi’s concept of stakeholders’ conformist preferences – their disposition to punish the firm if it defects from the agreement, refusing to abide by its own explicit CSR policies and norms. The authors viewed that the assumption of conformist preferences is a moral premise, and it weakens the normativity of the theory as a whole. As an alternative, they proposed an evolutionary game theoretic approach. According to this approach, the failure of the logic of reputation, which is the problem conformist preferences were introduced to solve, is overcome through the dynamics of interaction.

Maon et al. (2008)\textsuperscript{54} observed the societal issues conveyed to the organization by its internal and external stakeholders can be many and often conflicting. Consequently, organizations confront difficulties when attempting to identify the range of relevant societal issues they must prioritize to design corporate social responsibility (CSR) programs. This article proposed a conceptual framework to clarify the processes that underlie the emergence, prioritization and integration of CSR issues into organizational goals.

The International Organization of Standardization (ISO) Committee on Consumer Policy has opened the discussion about the feasibility of a CSR management system standard. Castka et al. (2004)\textsuperscript{55} study provides a framework for organizations to establish, manage, improve and document such a system.

Dawkins (2004)\textsuperscript{56} provided a summary of a survey of the British public in 2003, regarding corporate responsibility issues. This showed that the majority do not think that companies are listening to public concerns on social and environmental issues. Despite the high importance placed on these issues by the public, messages about companies’ responsible business practices are generally not getting through to the public.

Dees (2001)\textsuperscript{57} observed that many people seem to view governmental and social sector institutions as inefficient, ineffective, and unresponsive and the concept of “social entrepreneurship” has become more appealing. This article analyzed how to combine the
passion of a social mission with an image of business-like discipline, innovation, and determination.

The greening of corporate America has added a new criterion of social responsibility to some organization buying decisions. Drumwright (1994) presented the findings of a study about how responsible buying comes about in organizations, which suggest that two factors have been key to the success of socially responsible buying initiatives. Firstly, the presence of a skilful policy entrepreneur who provides the zeal for socially responsible buying based on a complex and difficult process of moral reasoning. Secondly, the organizational context within which policy entrepreneurs operate also influences the success of socially responsible buying.

Grayson and Hodges (2002) found out the benefits of becoming a responsible company in the global economy in their study. To them, it provided a seven-step solution to successfully manage the opportunities and risks relevant to a company. Empowering individual managers to share the benefits of globalization, the study shows how the “soft” issues of management are now the “hard” issues, which also impact the bottom line.

Wood (1991) defined the Corporate Social Performance (CSP) and formulated the CSP model to build a coherent, integrative framework for business and society research. In the model, principles of social responsibility are framed at the institutional, organizational, and individual levels; and the processes of social responsiveness are shown as: environmental assessment; stakeholder management; and management of social issues. Outcomes of CSP are social impacts, programs, and policies.

Papasolomou et al. (2005) in their study of CSR in the context of Cypriot businesses used the stakeholder approach and have identified six groups as key stakeholders including employees, customers, investors, suppliers, the community and the environment. Their findings suggested that Cypriot firms accord the most attention to employees and consumers in their pursuit of CSR, moderate attention to the community stakeholder, and limited attention to suppliers, investors and the environment. They were of view that stakeholders invariably affect or affected by business organizations.
Abreu et al. (2005) explored the CSR experience and practice of enterprises in Portugal, whereby five key stakeholders were identified, including consumers, suppliers, the community, the government and the environment. Internally, they also examined workplace practices vis-a-vis employees. Their research suggested a clear inclination on the part of firms operating in Portugal to attend the external dimension of CSR.

Prahalad (2010) suggested replacing traditional notions of government-channeled aid with a new model for relieving poverty and stimulating development. The new model relied on the MNCs to tap the market that exists at the bottom of the economic pyramid. He demonstrated that it is possible to develop business models that allow the poorest of the poor to participate actively in their own economic development by becoming entrepreneurs. To him, though the individuals at the bottom of the pyramid (referred to as BOP) have little money, collectively they represent a vast pool of purchasing power and they welcome opportunities to escape their oppressive burdens, including predatory intermediaries and corrupt governments.

Issar and Mathur (2004) observed that the corporate sector play a critical and catalytic role in disaster management; and now it is being appreciated and duly recognized as an inalienable part of corporate social responsibility. Disaster Management being an all-encompassing and multi-disciplinary activity spanning across all sectors of development, a coordinated action in conjunction with all stakeholders including the corporate sector is a sine qua non for overcoming the vulnerabilities and minimizing the risks. It not only helps pooling of resources but would also facilitate exchange of information and expertise across sectors, learn from each others' experience and best practices.
2.3: CSR: Definition and Scope

CSR generally refers to a collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirements, and respect for people, communities and the environment; and the commitment of business to contribute to sustainable development \(^{65}\) (World Bank). It is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner \(^{66}\) (Hopkins, 1998). Corporate Social Responsibility is a business process wherein the institution and the Individuals within, are sensitive and careful, about the direct and indirect effect of their work on internal and external communities, nature and the outside world \(^{67}\) (Indian NGOs, 2003).

While the interests of shareholders and the actions of managers of any business enterprise have to be governed by the laws of economics, requiring an adequate financial return on investments made, in reality the operations of an enterprise need to be driven by a much larger set of objectives that are today being defined under the term Corporate Social Responsibility \(^{68}\) (Pachauri, 2004).

Business activities create both positive and negative externalities for both society and environment \(^{69}\) (Bhattacharyya, 2008). Businesses have responded to this pressure with a set of activities given the generic name of Corporate Social Responsibility (CSR). It is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large \(^{70}\) (Ratnam, 2006).

CSR as a concept means being ethical towards stakeholders that is not harming or hurting any stakeholder \(^{71}\) (Sethi, 1979; \(^{72}\) Carroll, 1979; \(^{73}\) Waddock, 2004; \(^{74}\) Wood, 1991; \(^{75}\) Jones, 2005). CSR represents voluntary company activities \(^{76}\) (Van Marrewijk, 2003). It means - being legally complaint to the rules of the land \(^{77}\) (Sethi, 1979;
2.3.1: Who is a stakeholder?

“Stakeholder” as an expression reportedly appeared first in an internal memorandum of the Stanford Research Institute in the year 1963. According to Freeman (1984), it refers to the group that are likely to feel a significant impact - positive or negative; social, environmental, economic or financial - from corporate action, and therefore have a key “stake” in the corporation.

Friedrich Neubauer and Ada Demb in “The Legitimate Corporation” identify six groups of distinguishable stakeholders as follows (Sutton, 1993) –

a) Providers of Funds
b) Employees
c) General Public
d) Government
e) Customers and
f) Suppliers

Figure 2-1: Six Groups of Stakeholders

Thus, the key corporate stakeholders include shareholders (investors), suppliers, customers, employees, government and the
members of the communities where the corporation operates or that are affected by the corporate activity.

2.3.2: Triple Bottom Line:

A corporate organisation must address, what Elkington (1998) calls the triple bottom line - companies being responsive not just to financial/economic interests, but to society, and 'the environment'. CSR need to focus on the social, environmental, and financial success of a company - the triple bottom line (or "TBL", "3BL", or "People, Planet, Profit" or 3Ps). The concept of TBL demands that a company's responsibility be to 'stakeholders' rather than shareholders.

There is no universally accepted definition of CSR. Some selected definitions of CSR by organizations and others include:

- 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. World Business Council for Sustainable Development

- CSR is about how companies manage the business processes to produce an overall positive impact on society. Mallen Baker

- CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders. CSR Asia

- Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development. International Finance Corporation

- A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. European Commission.

- There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to
say, engages in open and free competition without deception or fraud. Milton Friedman

- Corporate Responsibility is about ensuring that organisations manage their businesses to make a positive impact on society and the environment whilst maximising value for their shareholders. 
  Institute of Chartered Accountants in England and Wales

In the UK, the term "Corporate Responsibility" is increasingly used instead of CSR, as a conscious move to expand the boundaries away from purely social or community issues to include broader areas of governance and environmental sustainability.

In general, CSR is taken to be:

- A voluntary activity in excess of legal compliance
- Concerned with the social and environmental as well as economic aspects of organisational behaviour.
- Rooted in ethical values.
- Central in shaping stakeholder relationships.

Corporate Citizenship, which is based on the concept of the corporation as a citizen, is also frequently used while referring to CSR, and is sometimes interchangeably used. Corporate Citizenship defined by the Boston College Center for Corporate Citizenship, as business strategy that shapes the values underpinning a company's mission. According to this definition, the four key principles that define the essence of corporate citizenship are:

(i) Minimize harm,
(ii) Maximize benefit,
(iii) Be accountable and responsive to key holders,
(iv) Support strong financial results.

Corporate Social Responsibility is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit \(^{88}\) (ET, 2008). Thus, corporate social responsibility refers to undertaking the role of "corporate citizenship" and ensuring the business values and behaviour is
aligned to balance between improving and developing the wealth of the business, with the intention to improve society, people and the planet".

2.4: Background, Growth & Development:

The debate about CSR has been said to have begun in the early 20th century, amid growing concerns about large corporations and their power. Ida Tarbell’s 1904 work ‘The History of the Standard Oil Company’ helped lead to the decision of the Supreme Court of the United States decision to break up the company on antitrust grounds. Similarly, Upton Sinclair’s 1906 book ‘The Jungle’ led to the passage of the Pure Food and Drugs Act and the Meat Inspection Act by the United States Congress. These can be seen as early attempts to mandate socially responsible corporate behavior.

“Social Responsibilities of Businessman” published in 1953, was the origin of the modern debate on the subject. It says that there would be general social and economic benefits to society, if business recognized broader social goals in its decisions. The philosophy is, basically to give back to the society, what it (business) has taken from it, in the course of its quest for creation of wealth 89(Bowen, 1953).

CSR is closely linked with the principles of "Sustainable Development" in the sense that companies should make decisions based not only on the financial/economic factors but also on the social and environmental consequences of their activities.

In 1987, the World Commission on Environment and Development defined Sustainable Development (SD) as an ethical concept and has become the major definition of SD: “Sustainable Development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Whereas the term SD has mainly started to be used in the 1980’s, the framework of CSR has already been established in the 1950’s and 60’s 90(Ebner and Baumgartner; 2006).

* The origin of the term SD lies in the 18th century and was actually used in forestry. In those times, it was only allowed to cut down a certain number of trees so that a long-lasting protection of the tree population was guaranteed. This method ensured a continuous supply of wood without reducing resources for forthcoming generations.
2.5: Concept of CSR:

The topic of the social responsibilities of business has been a subject of intense controversy and interest over the past three decades. The term CSR has been defined in various ways from the narrow economic perspective of increasing shareholder wealth (Friedman, 1962), to economic, legal, ethical and discretionary strands of responsibility (Carroll, 1979) to good corporate citizenship (Hemphill, 2004). These variations stem in part from differing fundamental assumptions about what CSR entails.

Resulting from these divergent fundamental assumptions is a lingering skepticism in the field of business and society, inviting Frankental (2001) to argue for example that “CSR is a vague and intangible term which can mean anything to anybody, and therefore is effectively without meaning.” The Confederation of British Industry has similarly argued that “CSR is highly subjective and therefore does not allow for a universally applicable definition.” Social responsibility has been variously described as an elusive concept (Lee, 1987), a vague and ill-defined concept (Preston and Post, 1975), a concept with a variety of definitions (Votaw, 1973), a concept lacking theoretical integration and empirical verification (DeFillipi, 1982; Post, 1978), a concept lacking a dominant paradigm (Jones, 1983), and a concept susceptible to subjective and value-laden judgments (Aupperle et al., 1983).

The confusion about what CSR really is, has also contributed to cynicisms towards CSR itself. Some neoclassical economists claim that CSR is a dangerous concept that threatens the foundations of market economy (Friedman, 1970; Henderson, 2001). There were even claims that some elements of CSR are actually socialism in disguise (Lantos, 2003). Yet still, authors like Mintzberg argued that CSR is indispensable and must be made to work in order to combat the selfishness of firms and to balance self-interest with concern for others.

Clearly there is a need for CSR to be defined properly before embarking in a deeper study about this fascinating concept.
2.5.1: CSR as an Ethical Stance:

Mintzberg (1983) stated that CSR can be practised or can appear in various forms. The purest form is when CSR is practised for its own sake. The firm expects nothing back from their CSR activities and they become socially responsible because "that is the noble way for corporations to behave". A less pure form of CSR is when it is undertaken for 'enlightened self-interest' in which case firms undertake CSR with the belief that CSR pays. The 'pay' could be tangible or intangible but in either case, the payback is expected. This is related to Mintzberg's third form of CSR in which CSR is seen as a sound investment. According to the 'sound investment theory' the stock market reacts to firms' actions and socially responsible behaviours will be rewarded by the market. The fourth form of CSR, which is also related to enlightened self-interest, is CSR practised in order to avoid interference from external political influences. In this case, firms become socially responsible in order to prevent the authorities forcing them to be so via legislation.

Apart from the first, the pure form of CSR, Mintzberg's other forms see CSR not as an ethical stance. He argued that CSR can only survive, and should be practised, in its purest and most proper form - as an ethical position without any expectation of paybacks. He attacked the glorification of self-interest which he sees as bringing society back to 'an earlier and darker ages' as it raises greed to "some sort of high calling" (2002, p 67). To him, CSR means firms undertaking some actions to serve society beyond selfishness and greed.

Moore (2003) went a step further by saying that the use CSR in the quest of enhancing profitability is actually putting virtue at the service of avarice. He argued that there is a tension between social and economic endeavours and by becoming socially responsible, firms are actually working to ease this tension. Moore calls for the creation of a properly socially responsible firm. He dubs this "the virtuous firm" which "pursues the external goods [e.g. profits] in so far, and only in so far, as they are necessary to sustain and support the development of excellence in the [business] practice". Moore claimed that if CSR is to be properly applied in business practices,
then it must not be at the service of greater profitability. To do so would be unethical.

In the same light as Moore and Mintzberg, Goyder (2003)\textsuperscript{107} articulated his concern that many firms are taking CSR as mere compliance with expectations. According to Goyder, 'compliance CSR' only makes firms tell stakeholders what they want to hear so that the firm is seen as fitting into society's template. This is opposite to real CSR, or what Goyder calls 'conviction CSR' in which firms truly believe in a set of purpose and values and have convictions to act on them. Firms that subscribe to 'conviction CSR' will ensure that they have positive impacts on "people, the natural world, and the planet" (p. 4). All these should occur in addition to compliance with the law and fulfilling shareholders expectations.

Jones (2003)\textsuperscript{108} argued if being socially responsible means 'giving back' to society, then as soon as a firm starts to calculate the returns from being socially responsible, or as soon as a firm starts to strategise being ethical, that firm is actually not committing the act of 'giving'. Thus, if Jones' arguments were to be followed, in order to be socially responsible firms must see CSR as an ethical stance, not as a tool for strategic advantage.

2.5.2: CSR as Business Strategy:

Although some authors have argued that firms should be socially responsible without expecting to be rewarded, others argued that it would be unethical for firms to do anything without the intention of reaping benefits from those actions. Most of these ideas have their origin in the Agency Theory which states that managers are agents of the stockholders; and should therefore, give priority to serve them. Managers must seek to maximize shareholders' returns and they should not engage in any act that may lead to its reduction. In its simplest form, they argue that managers should do whatever is legal in order to maximise shareholder value. It is well known that on the extreme end of agency theory, authors like Friedman (1970)\textsuperscript{109} and Henderson (2001)\textsuperscript{110} have argued that CSR is a dangerous concept, as it demands managers to spend what is not theirs to spend and that CSR threatens the basic principles of market economy.
However, many others from the same school of thought believe that CSR can become a very useful tool to maximise shareholder value.

Lantos (2001)\textsuperscript{111} divided CSR into ethical CSR, altruistic CSR and strategic CSR. Ethical CSR is the demand for firms to be morally responsible to prevent injuries and harm that could result from their activities. This type of CSR is expected of all firms and must be fulfilled as the very minimum. Altruistic CSR is "genuine optional caring, even at possible personal or organizational sacrifice" (p 608). In another article, Lantos stated that strategic CSR is when a firm undertakes certain "caring corporate community service activities that accomplish strategic business goals."

In both his 2001 and 2003 articles, Lantos used various ethics framework to vigorously argue that altruistic CSR is unethical and therefore should not be practiced by public firms, ethical CSR is the very minimum while strategic CSR is good for business and society. Lantos also added that altruistic CSR, although sometimes expected because of the perceived 'social contract' between a firm and society, is relatively rare because it lies outside the scope of a firm's proper activities (2001, p 605). Schwartz and Carroll (2003)\textsuperscript{112} supported this view. Thus, according to Lantos, CSR should be focused on two aspects:

1. Preventing injuries and harm that could result from business activities
2. Accomplishing strategic business goals.

Lantos's ideas were developed from Carroll's (1979)\textsuperscript{113} Social Responsibility Categories, or sometimes labeled Carroll's 'Four Faces' of Social Responsibility. In this model, Carroll stated that "for a definition of social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical, and discretionary categories of business performance" (p. 499 - emphasis in original). Economic responsibility — the category that Carroll says is the "first and foremost social responsibility of business" — is the responsibility of firms to sell goods at a profit. Legal responsibility is the obligation of firms to abide by the rules of law. Carroll's definition of ethical responsibility is rather hazy as he says that it simply means "that society has
expectations of business over and above legal requirements”. The ‘discretionary’ element is what Lantos used to develop his concept of altruistic CSR and it covers activities like philanthropic contributions and other non-profit generating acts.

Carroll improved his Social Responsibility Categories model in 1991 when he proposed the Pyramid of CSR (Figure 2-2). Both the Social Responsibility Categories and the Pyramid of CSR emphasize that economic aims are indeed a major part of CSR. Firms should not pursue the discretionary (called ‘philanthropic’ in the pyramid model) element of CSR if the other three elements are not fulfilled. In other words, according to Carroll, a holistic understanding of CSR will encourage firms to devise a strategy to enhance overall business performance, with discretionary or altruistic CSR being an option to be considered only once the economic, legal and ethical responsibilities have been fulfilled.

Figure 2.2: Carroll’s Pyramid of Corporate Social Responsibility

![Carroll's Pyramid of Corporate Social Responsibility](image)


Schwartz and Carroll (2003) built upon the Social Responsibility Categories and the Pyramid of CSR models to describe CSR as actually being composed of three domains - economic, ethical and legal. They overlap with each other and can best be represented as Figure 2-3. In this model, the philanthropic or discretionary element of the two previous models disappears as the authors believe that if an act is supererogatory, then it cannot be called a responsibility (p. 506). Additionally, the authors explained that many acts in business are undertaken for economic or ethical motives (i.e. strategically), thus making it more accurate to depict CSR as covering
only three domains. They argued that the best business strategy is to focus on the part of the diagram where all three domains overlap or where the economic and ethical domains overlap as long as the firms passively comply with the law. Both would bring the most benefits to the business.

Figure 2-3: Three-domain model of CSR


2.5.3: A Stakeholder Approach to Corporate Social Responsibility (CSR):

Some of the central concepts associated with what is known today as stakeholder theory began to gain currency during the mid-1980s (Freeman, 1984; Freeman and Reed, 1983). Freeman's work helped to re-conceptualize the nature of the firm to encourage consideration of new external stakeholders, beyond the traditional pool – shareholders, customers, employees, and suppliers – legitimizing in turn new forms of managerial understanding and action (Jonker and Foster, 2002). Organizations from this perspective are expected to manage responsibly an extended web of stakeholder interests across increasingly permeable organization boundaries and acknowledge a duty of care towards traditional interest groups as well as silent stakeholders – such as local communities and the environment (Simmons, 2004).
Stakeholder theory, hence, offered a new way to organize thinking about organizational responsibilities. By suggesting that the needs of shareholders cannot be met without satisfying to some degree the needs of other stakeholders, it turned attention to considerations beyond direct profit maximization. In other words, even when a firm seeks to serve its shareholders as a primary concern, its success in doing so is likely to be affected by other stakeholders (119Foster and Jonker, 2005; 120Hawkins, 2006).

Some even argue that an inclusive stakeholder approach makes commercial sense, allowing the firm to maximize shareholder wealth, while also increasing total value added (121Hawkins, 2006; 122Phillips et al., 2003; 123Wallace, 2003).

By the end of the decade, many researchers were using stakeholder ideas and terminology. Several authors have indeed favored a stakeholder approach when examining CSR. In their assessment of Corporate Social responsibility (CSR) and Corporate Social Performance (CSP) in the context of a sample of Italian SMEs, 124Longo et al. (2005) identified the demands of key stakeholders regarding the creation of value by the business, resulting in a grid of values (Table 2.1), which associates each stakeholder with value classes that satisfy their respective expectations. Companies, in their study, are considered as socially responsible if they demonstrate social behavior satisfying the expectations of at least half of the value classes identified for each stakeholder.
Table-2.1: The grid of values

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Expectations divided into value classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Health and safety at work</td>
</tr>
<tr>
<td></td>
<td>Development of workers' skills</td>
</tr>
<tr>
<td></td>
<td>Wellbeing and satisfaction of worker</td>
</tr>
<tr>
<td></td>
<td>Quality of work</td>
</tr>
<tr>
<td></td>
<td>Social equity</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Partnership between ordering company</td>
</tr>
<tr>
<td></td>
<td>and supplier</td>
</tr>
<tr>
<td></td>
<td>Selection and analysis systems of suppliers</td>
</tr>
<tr>
<td>Customers</td>
<td>Product quality</td>
</tr>
<tr>
<td></td>
<td>Safety of customer during use of product</td>
</tr>
<tr>
<td></td>
<td>Consumer protection</td>
</tr>
<tr>
<td></td>
<td>Transparency of consumer product information</td>
</tr>
<tr>
<td>Community</td>
<td>Creation of added value to the community</td>
</tr>
<tr>
<td></td>
<td>Environmental safety and production</td>
</tr>
</tbody>
</table>

Source: Longo, M., M. Mura and A. Bonoli (2005); Corporate Governance 5(4)

A similar approach was used by Abreu et al. (2005) in their exploration of the CSR experience and practice of enterprises in Portugal, where five key stakeholders were identified, including consumers, suppliers, the community, the government and the environment. Another study in the Spanish context (Uhlner et al., 2004) also utilized a stakeholder approach, defining CSR effectiveness as the ability to satisfy a wide range of constituents within / outside the organization.

A stakeholder approach was also used by Papasolomou et al. (2005) in the context of Cypriot businesses. Their rationale for using a stakeholder approach is that stakeholders invariably affect or are affected by business organizations and therefore can be seen as imposing on them different responsibilities. They identify six groups as key stakeholders including employees, customers, investors, suppliers, the community and the environment and delineate relevant CSR actions vis-a-vis each cluster respectively as illustrated in Table 2.1.
Table-2.2: CSR actions by the Organizations vis-a-vis Key Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Actions vis-a-vis key stakeholders</th>
</tr>
</thead>
</table>
| Employees   | Provides a family friendly work environment  
Engages in responsible human resource management  
Provides an equitable reward and wage system for employees  
Engages in open and flexible communication with employees  
Invests in employee development  
Encourages freedom of speech and promotes employee rights to speak up and report their concerns at work  
Provides child care support/paternity/maternity leave in addition to what is expected by law  
Engages in employment diversity in hiring and promoting women, ethnic minorities and the physically handicapped  
Promotes a dignified and fair treatment of all employees |
| Consumers   | Respects the rights of consumers  
Offers quality products and services  
Provides information that is truthful, honest and useful  
Products and services provided are safe and fit with their intended use  
Avoids false and misleading advertising  
Discloses all substantial risks associated with product or service  
Avoids sales promotions that are deceptive/manipulative  
Avoids manipulating the availability of a product for purpose of exploitation  
Avoids engagement in price fixing |
| Community   | Fosters reciprocal relationships between the corporation and community  
Invests in communities in which corporation operates  
Launches community development activities  
Encourages employee participation in community projects |
| Investors   | Strives for a competitive return on investment  
Engages in fair and honest business practices in relationships with shareholders |
| Suppliers   | Engages in fair trading transactions with suppliers |
| Environment | Demonstrates a commitment to sustainable development  
Demonstrates a commitment to the environment |

Source: Papasolomou-Doukakis, I., M. Krambia-Kapardis and M. Katsioloudes (2005), European Business Review 17(3)
2.5.4: EPS – Ethical Performance Scorecard:

The EPS was proposed by Spiller (2000) and according to him, the EPS extends beyond satisfying shareholders and customers & takes account of the other primary stakeholders comprising employees, suppliers, the community and the environment. While the EPS accords attention to the vision and purpose of the firm and its ethical principles, the primary focus of this diagnostic tool is on the company's practices vis-a-vis primary stakeholders. These have been categorized in terms of the six main stakeholder groups and considered in terms of an inventory of 60 best practices that the author compiled based on an extensive review of international case studies and investment analysis (Table 2.3).

According to Spiller, the EPS can be prepared at varying levels of depth. It can simply be an account of publicly available information vis-à-vis key stakeholder issues. Quantitative measures can be considered from the level of donations disclosed in the company's accounts to financial, results as well as qualitative assessments such as stakeholder perceptions of company performance included in media reports, or through additional consultation with stakeholders. Company involvement is, however, key in terms of provision of relevant information, as well as opportunity for discussion and justification of areas of strength and concern from the perspective of practicing managers. It is precisely such discussions with managers relating to different conceptions of the stakeholder management process relative to specific stakeholder issues and the ability to gauge variations in prioritization in light of instrumental vs. normative managerial inclinations and changing societal expectations that help account for the superiority and dynamism of a stakeholder approach to CSR over more taxonomic models.

The EPS methodology was nevertheless deemed useful for various reasons. First, it reflected a simple and comprehensive illustration of a stakeholder approach to CSR. The EPS provides in this respect a valuable tool for operationalizing the stakeholder approach to CSR. Second, it provides an opportunity for gauging the practices of a company vis-a-vis its key stakeholders and allows a
comparative benchmark assessment of the patterns of firm performance vis-a-vis different stakeholders relative to other firms.

Table-2.3: The Ethical Performance Scorecard

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Key business practices</th>
</tr>
</thead>
</table>
| Community   | Generous financial donations  
              Innovative giving  
              Support for education and job training programs  
              Direct involvement in community projects and affairs  
              Community volunteer programs  
              Support for the local community  
              Campaigning for environmental and social change  
              An employee-led approach to philanthropy  
              Efficient and effective community activity  
              Disclosure of environmental and social performance |
| Environment | Environmental policies, organization and management  
              Materials policy of reduction, reuse and recycling  
              Monitoring, minimizing and taking responsibility for releases to the environment  
              Waste management  
              Energy conservation  
              Effective emergency response  
              Public dialogue and disclosure  
              Product stewardship  
              Environmental requirements for suppliers  
              Environmental audits |
| Employees   | Fair remuneration  
              Effective communication  
              Learning and development opportunities  
              Fulfilling work  
              A healthy and safe work environment  
              Equal employment opportunities  
              Job security  
              Competent leadership  
              Community spirit  
              Social mission integration |
| Customers   | Industry-leading quality program  
              Value for money  
              Truthful promotion |
| **Suppliers**       | Develop and maintain long-term purchasing relationships  
|                    | Clear expectations                                     
|                    | Pay fair prices and bills according to terms agreed upon 
|                    | Fair and competent handling of conflicts and disputes   
|                    | Reliable anticipated purchasing requirements           
|                    | Encouragement to provide innovative suggestions        
|                    | Assist suppliers to improve their environmental/social performance 
|                    | Utilize local suppliers                                
|                    | Sourcing from minority-owned suppliers                 
|                    | Inclusion of environmental/social criteria in the suppliers’ selection |
| **Shareholders**   | Good rate of long term return to shareholders           
|                    | Disseminate comprehensive and clear information        
|                    | Encourage staff ownership of shares                    
|                    | Develop and build relationships with shareholders       
|                    | Clear dividend policy and payment of appropriate dividends |
|                    | Corporate governance issues are well managed           
|                    | Access to company’s directors and senior managers      
|                    | Annual reports provide a picture of company’s performance |
|                    | Clear long-term business strategy                       
|                    | Open communication with financial community            |

Source: Spiller, R (2000), California Management Review (winter)
2.5.5: Strategic CSR and its Importance:

The concept of Strategic CSR was an answer to the discontent with traditional CSR. Fry et al. (1982) first wrote about strategic philanthropy. It was that type of corporate philanthropy, that helped attain business cause as well as serve charitable purpose (Quester and Thompson, 2001; Ricks, 2005; McAlister and Ferrell, 2002). Most researchers view Strategic CSR as CSR activities that are good for society as well as good for business (Carroll, 2001; Burke and Logsdon, 1996; Marsden, 2000; Lantos, 2001; Porter and Kramer, 2006; 2002). Only Strategic CSR activities that both create true value for the beneficiaries (support good cause for society) as well as enhance company’s business performance (win-win for both business and society) were seen as sustainable in the long run (Bruch, 2005). Strategic CSR helped to accomplish strategic business goals (Carroll, 2001). Strategic CSR is the philosophy of integrating CSR into firm’s strategic perspective and operations (Werther and Chandler, 2006). Altman, 1998 wrote corporate citizenship and community relations have been found to be strategic, when firms’ economic benefits are identified. Vani and Jeurissen (2005) advocated that the more firms integrate CSR into their corporate strategy, the better firm’s will be able to satisfy the demands of stakeholders. Strategic philanthropy grew popular from around the mid-1980s (Jones, 1997 and Carroll, 2001) and it is expected to grow in the years ahead (Lantos, 2001). Since 1990s there has been an increased emphasis on aligning philanthropic activities with the business goals (Smith, 1994; McAlister and Ferrell, 2002). Companies practicing strategic CSR expect to enhance business performance and long-term interests of the company.

Increasingly there are evidences of firms having started engaging into CSR initiatives which are benefiting the organizations as well (that is strategic CSR). Mescon and Tilson (1987) found that firms were using charitable donations as a part of strategic plan for the purpose of gaining competitive edge. Saia et al., 2003 found that giving (donation) was strategically intuitive and empirically documented. Similarly, Brammer and Millington, 2004 investigated changes in the pattern and determinants of corporate charitable
contributions between 1989/1990 and 1998/1999 for a broad range of stakeholders and concluded that charitable contributions are becoming more of strategic value. Garone, 1999 (also Drumwright and Murphy, 2001) wrote that philanthropy is increasingly becoming integrated with corporate strategy plans. Crawford and Scalleita, 2005 based upon the KPMG’s International Survey of CSR Reporting 2005 highlighted the top ten motivators driving corporations to engage in CSR for competitive reasons.

Table-2.4: Dimensions of Strategic CSR

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Dimensions of Strategic CSR</th>
<th>Brief explanation on the dimensions of Strategic CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Centrality</td>
<td>CSR initiative should be close to the firm’s mission and objectives (Ansoff, 1977, 1983; Thorelli, 1977) as CSR, programmes which are linked to the organization’s goals receive priority from the management and thus yield benefits, which can be translated into firm profits.</td>
</tr>
<tr>
<td>2.</td>
<td>Specificity</td>
<td>Strategic CSR initiatives are expected to specifically benefit the firm. The firm should be able to capture and assimilate the benefits of a CSR initiative, rather than just creating collective goods which can be shared by others in the industry, community or society at large. Strategic CSR should help in attaining Competitive advantage that is, it is perceived to provide cost and/or differentiated position that is helps in attaining one of the two generic firm strategies for the firm for achieving competitive advantage. (Rumelt, 1980; Porter, 1985; Day and Wensley, 1988; Hunt, 2000; Miles and Covin, 2000; Karna et al, 2003; Crawford and Scaletta, 2005)</td>
</tr>
<tr>
<td>3.</td>
<td>Proactivity</td>
<td>Strategic CSR initiatives should anticipate the dynamics of stakeholder expectation (to capture the changed socio-environmental,</td>
</tr>
</tbody>
</table>
political and technological situations and trends). Strategic CSR initiative are planned (Quinn, 1980) in the absence of crisis situation

<table>
<thead>
<tr>
<th>4. Voluntarism</th>
<th>Strategic CSR initiative should be a discretionary decision-making process (Lyles, 1985; Burke et al., 1986) for the firm. CSR by definition is seen to be discretionary (Carroll, 1979). Voluntarism is related to proactivity.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Visibility</td>
<td>Strategic CSR initiative should have both the observability of a CSR activity as well as the firm's ability to gain recognition from both the internal and external stakeholders (Pattern of business activity outcome Mintzberg, 1988). Strategic CSR initiative should build firm image by creating favorable media attention. Strategic CSR initiative can also mitigate negative visibility and hence help in protecting firm reputation from being tarnished or help the firm to protect from government investigations and regulations.</td>
</tr>
</tbody>
</table>

Source: Burke Lee and Jeanne M. Logsdon (1996); Long Range Planning, Volume 29, Issue 4, (August)

Thus, if a CSR activity becomes a strategic activity then it must be represented by the concept of Dimensions of Strategic CSR. That is, if a CSR becomes strategic then it should be close to the mission or vision of the organization or reduce cost of or differentiates products or services offered by the firm or enhance visibility of the firm for its good. As the ultimate measure of strategic benefits from CSR activities is the value

CSR activities create value for the firm. Value creation is the readily measurable stream of economic benefits that the firm expects to receive. Thus, CSR initiatives leading to cost reduction or product differentiations are very prominent indicators of CSR being strategic in nature. It is done only when the CSR activity is with the salient stakeholders. CSR with these stakeholders can help in attaining strategic gains for the firm (Burke and Logsdon, 1996).
2.5.6: CSR in the Real Business World - Serving Stakeholders:

Various studies have used the serving of specific stakeholder group or groups as a proxy to describe socially responsible behaviour. Some studies gave more emphasis on certain stakeholder or certain groups of stakeholders. This is not because they believe that a particular stakeholder is more important than others. Rather, choosing a limited number of stakeholders makes the study more feasible. Examples of these include those who described CSR as:

1. Looking after the environment (Bragdon & Marlin, 1972; Spicer, 1978; Brammer and Millington, 2004)
2. Investing in the community (Lewis, 2003; Brammer & Millington, 2003; Hopkins, 2003; Moir, 2001)
3. Making charitable contributions (Brammer & Millington, 2003)
4. Good employee relations (Lewis, 2003; Goyder, 2003, Moir, 2001)
5. Maintaining/increasing profitability (Goyder, 2003; Friedman, 1982; Hopkins, 2003)

The list above is not exhaustive but aims only to indicate that when CSR is defined as serving the needs of stakeholders, it will include a wide variety of actions that can be embarked upon by corporations.

Hopkins (2003) is quite specific about the relationship between CSR and stakeholder management when he defined CSR as “treating the stakeholders of the firm ethically or in a responsible manner”. Similarly, Smith (2003) stated that CSR is “obligations of the firm to society, or more specifically, the firm’s stakeholders – those affected by corporate policies and practices”. Smith related CSR to paternalistic capitalism and listed three characteristics of CSR which are:

(i) It is not a new concept,
(ii) Firms’ motivation may be a mix between self-interest and desire to do good, and
(iii) The nature and scope of the actual responsibilities are not at all clear.
2.6: Views against CSR:

In an influential essay, "Social Responsibility of Business", published in the New York Times Magazine in 1970, Nobel laureate Milton Friedman wrote that corporate executives could either strive for profits or go haring about chasing social causes. The two were inimical to each other as 'social responsibility' was nothing less than unadulterated socialism. Of course, corporate philanthropy was allowed for, but only after profits were properly secured.

One allegation about CSR is that it is just a brand-building exercise. Getting associated with a cause might create an apparent impact, but that does not generate any tangible profits for the organisation.

The idea of corporate social responsibility has always been restricted to building schools, roads and a couple of hospitals. This approach has two drawbacks. First, corporates took it as charity, not as social responsibility. Second, such practice was limited to areas around where the offices or factories existed.

The following are some of the arguments advanced against corporate social responsibility -

1) Businesses are owned by their shareholders - any money they spend on so-called social responsibility is effectively theft from those shareholders - who can, after all, decide for themselves if they want to give to charity. This is the voice of the laissez-faire in the 1980s, still being given powerful voice by advocates such as Elaine Sternberg, in US. Sternberg argues that there is a human rights case against CSR, which is that a stakeholder approach to management deprives shareholders of their property rights.

2) The second argument being advanced is that the leading companies who report on their social responsibility are basket cases - the most effective business leaders don't waste time with this stuff. Look at the recent "Most Respected Companies" survey by the Financial Times. Who are the most respected companies and business leaders at the current time? Rather predictably, they are Jack Welch and General Electric, and Bill Gates and Microsoft. Neither have achieved their world class status through playing nice. Welch is
still remembered for the brutal downsizing that he led his business through, and for the environmental pollution incidents and prosecutions.

Microsoft has had one of the highest profile cases of bullying market dominance of recent times - and Gates has been able to achieve the financial status where he can choose to give lots of money away by being ruthless in business.

3) The third argument against CSR, runs some what like this - Our company is too busy surviving hard times to do this. We can't afford to take our eye off the ball - we have to focus on core business. It's all very well for the very big companies with lots of resources at their disposal. For those fighting for survival, it's a very different picture. You can't go spending money on unnecessary frills when you're laying people off and morale is rock bottom. And the odd bit of employee volunteering won't make any difference to our people when they feel cynical and negative about how the company operates.

Corporate social responsibility is often presented as an extra cost, an added burden born by the corporation already struggling to be profitable in a difficult economic phase. But in some situations, the opportunity to improve its business ethics also offers the company extra ordinary marketing and branding possibilities.

It is argued that high values are a luxury, which only wealthy and successful companies can afford. We need to point out that companies known for their ethics adopted these values not when they had become big and prosperous, but when they were small outfits. And it is precisely their values that gave them the backing of the public in difficult times, which enabled them to grow to their present giant size.
2.7: Global Efforts for Promoting CSR

The dominant thinking of business firms, till around the mid twentieth century, was only to earn profit for the shareholders (owners). The paradigm of thinking changed as the expectations of society from business altered from 1960s onward. This change was triggered because of the occurrence of certain events like (Bhattacharyya, 2008):

- The coming of Rachel Carson's, book Silent Spring in 1962 and Ralph Nader's consumer safety and environment movement in the 1960s
- Stockholm Conference, 1972
- Earth Summit (Rio de Janeiro, 1992)
- World Summit on Sustainable Development (Johannesburg, 2002)
- Bhopal Gas Tragedy, 1984 and Corporate bad behavior (Shell, Nike, Exxon Mobile, Enron and WorldCom) became commonplace from the 1990s
- Formulation of Kyoto Protocol 1997 and institutionalization of the Global Warming movement

Corporate social responsibility and all its attendant concepts, including alternative energy usage, sustainable development and ethical business practices - took many years to catch on. The concept of corporate responsibility can be traced as far back as ancient Greece, when city officials set rules of conduct for merchants (Losefsky, 2008). In modern times, the United Nations Conference on the Human Environment, held in Stockholm in 1972, was the first international meeting to address the influence of human activity on the environment. In 1987, the term “sustainable development” was introduced in “Our Common Future,” a book published by the World Commission for Environment and Development.

But it wasn't until the groundbreaking 1992 United Nations Conference on Environment and Development (also known as the Earth Summit) in Rio de Janeiro that sustainable development and the broader concept of corporate sustainability entered the public lexicon and began to reverberate in our national consciousness.
2.7.1 Millennium Development Goals (MDG):  

The increased awareness of CSR has also come about as a result of the United Nations Millennium Development Goals, in which a major goal is the increased contribution of assistance from large organizations, especially Multinational Corporations, to help alleviate poverty and hunger, and for business to be more aware of their impact on society.

Recognizing the need to assist impoverished nations more aggressively, UN member states adopted the targets and were officially established at the UN Millennium Summit in September 2000, where all world leaders present adopted the United Nations Millennium Declaration, and was signed by 147 heads of state and governments to promote these eight goals.

The Millennium Development Goals (MDGs) are eight international development goals that 189 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. They include reducing extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development.

Goals:
1. Eradicate extreme poverty and hunger:  
2. Achieve universal primary education:  
3. Promote gender equality and empower women  
4. Reduce child mortality:  
5. Improve maternal health:  
6. Combat HIV/AIDS, malaria, and other diseases:  
7. Ensure environmental sustainability:  
8. Develop a global partnership for development:

The MDGs aim to spur development by improving social and economic conditions in the world's poorest countries.

2.7.2: Global Compact:  

The United Nations Global Compact, also known as Compact or UNGC, established in 2000, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The
Global Compact is a principle based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

The Global Compact is the world's largest corporate citizenship initiative and as voluntary initiative has two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)."

The Global Compact was first announced by the then UN Secretary-General Kofi Annan in an address to The World Economic Forum on January 31, 1999, and was officially launched at UN Headquarters in New York on July 26, 2000.

The Ten Principles:

The Global Compact was initially launched with nine Principles. On June 24, 2004, during the first Global Compact Leaders Summit, Kofi Annan announced the addition of a tenth principle against corruption.

Human Rights:
Businesses should:

- **Principle 1:** Support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** Make sure that they are not complicit in human rights abuses.

Labour Standards:
Businesses should uphold:

- **Principle 3:** the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in employment and occupation.

Environment:
Businesses should:
- **Principle 7:** support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

**Anti-Corruption:**

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standard, the environment, and anti-corruption.

The Global Compact is not a regulatory instrument, but rather a forum for discussion and a network for communication including governments; companies and labour organizations, whose actions it seeks to influence; and civil society organizations, representing its stakeholders. The Compact itself says that once companies declared their support for the Global Compact principles "This does not mean that the Global Compact recognizes or certifies that these companies have fulfilled the Compact's principles."

In summary, the UN Global Compact exists to assist the private sector in the management of increasingly complex risks and opportunities in the environmental, social and governance realms. By partnering with companies in this way, and leveraging the expertise and capacities of a range of other stakeholders, the UN Global Compact seeks to embed markets and societies with universal principles and values for the benefit of all.

Today, UN Global Compact stands as the largest corporate citizenship and sustainability initiative in the world - with over 5500 corporate participants and stakeholders from over 130 countries.
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<th>Table-2.5: A summary of CSR Goals and Principles: As Adopted</th>
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<td><strong>Economic Responsibility</strong></td>
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2.7.3: ILO and CSR

Social responsibilities of business and their contribution to the decent work agenda is, and has always been, a central part of ILO efforts to promote economic and social progress. The ILO describes CSR as "a business-driven voluntary initiative", which refers to activities that are considered to exceed compliance with the law. The ILO asserts that CSR "cannot substitute for legal regulation".

The Management and Corporate Citizenship Programme of the ILO helps build the supportive systems and the managerial competencies that enable enterprises to be productive, competitive and viable and at the same time meet the increasing social expectations on business.

During 2006-07, the ILO is implementing an InFocus Initiative which seeks to advance the ILO’s leadership in this area by promoting the principles laid down in the Multinational Enterprises (MNE) Declaration as the foundation for good CSR policy and practice. This Initiative builds on and complements the ILO’s role in respect of governments of member States, setting, implementing and supervising labour standards, promoting social dialogue and assisting countries to implement good policies in this regard.

2.7.4: Global Reporting Initiative:

The Global Reporting Initiative (GRI) was formed by the United States based non-profits CERES (formerly the Coalition for Environmentally Responsible Economies) and Tellus Institute, with the support of the United Nations Environment Programme (UNEP) in 1997. Although the GRI is independent, it remains a collaborating centre of UNEP and works in cooperation with the United Nations Global Compact.

The GRI's vision is that reporting on economic, environmental, and social performance by all organizations is as routine and comparable as financial reporting.

The Global Reporting Initiative (GRI) has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. This framework sets out the principles and
indicators that organizations can use to measure and report their economic, environmental, and social performance.

GRI is a worldwide, multi-stakeholder network. Business, civil society, labour, investors, accountants and others all collaborate through consensus-seeking approaches to create and continuously improve the Reporting Framework. The multi-stakeholder approach ensures the credibility and trust required of a global disclosure framework.

The cornerstone of the framework is the Sustainability Reporting Guidelines. The third version of the Guidelines – known as the G3 Guidelines - was published in 2006, and is a free public good. Other components of the framework include Sector Supplements (unique indicators for industry sectors) and Protocols (detailed reporting guidance) and National Annexes (unique country-level information).

Sustainability reports based on the GRI framework can be used to benchmark organizational performance with respect to laws, norms, codes, performance standards and voluntary initiatives; demonstrate organizational commitment to sustainable development; and compare organizational performance over time.

The Sustainability Reporting Framework - of which the Sustainability Reporting Guidelines are the cornerstone - provides guidance for organizations to use as the basis for disclosure about their sustainability performance, and also provides stakeholders a universally applicable, comparable framework in which to understand disclosed information. The Reporting Framework facilitates transparency and accountability by organizations - companies, public agencies, non-profits - of all sizes and sectors, across the world.

2.7.5: Other International Bodies and NGOs on CSR:

During the late 1980s and 1990s, non-governmental organizations have been at the forefront of campaigns on social and environmental issues, becoming a powerful force in both publicizing a wide range of corporate social responsibility issues and in pressuring companies to address them. Representing particular stakeholder issues, they have challenged corporate reporting of social and environmental performance and demanded independent
monitoring of social issues, as well as audits of social and environmental reporting processes.

2.7.5.1: International Organization for Standardization (ISO):

The International Organization for Standardization (ISO) issued the 14000 series (1997, modified 2002) as an environmental management system (EMS) standard similar to the issuance of the ISO 9000 quality control standard. The intention is to introduce some consistency which allows for external parties to make judgments and assess trends. Worldwide, thousands of entities: corporate, institutional, governmental, and non-governmental have adopted the ISO 14000 series standards ISO 14001:2004 is an international standard that provides assistance to organizations that wish to implement or improve an Environmental Management System (EMS) and thereby improve their environmental performance. EMAS and the ISO 14000 series are standards which the firms can voluntarily adopt to help ensure that the goal of improved environmental performance is embedded into its strategy, structures, and processes.

Besides this, key developments in the area of CSR reporting have been the emergence of various standards formulated by various government and international bodies, such as:

- ISO 26000 SR (Forthcoming Standard on Social Responsibility by International Organization for Standardization) – Standard on Social accountability by Social Accountability International (SAI).
- Social Accountability 8000 (SA 8000)
- Guidelines Accountability 1000 (AA1000)
- Coalition of Environmentally Responsible Economics (CERES)

These standards focus on particular aspect of CSR.

2.7.5.2: Social Accountability 8000 (SA 8000)

In 1998, the Council on Economic Priorities (now Social Accountability International ‘SAI’ created SA8000, with advice from representatives of business, trade unions, and NGOs. It is a verifiable standard, focusing on labor rights and workers welfare, and intended to be applicable to any industry & any country. It combines elements of ILO labour conventions with ISO management systems.
SA8000 covers the following areas of accountability:

- **Child labor**: No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention.

- **Forced labor**: No forced labor, including prison or debt bondage labor; no lodging of deposits or identity papers by employers or outside recruiters.

- **Health and Safety**: Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water.

- **Freedom of Association and Right to Collective Bargaining**: Respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining.

- **Discrimination**: No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.

- **Discipline**: No corporal punishment, mental or physical coercion or verbal abuse

- **Working hours**: Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement.

- **Compensation**: Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions.

- **Management systems for Human Resources**: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.
2.7.5.3: Guidelines Accountability 1000 (AA1000)

AA1000 developed by Institute of Social & Ethical Accountability, is a series of standards that aims to ensure the credibility of the corporate responsibility process. While most standards are performance standards that set out what constitutes good practice in terms of human rights, governance, environment management etc., AA1000 is about the way in which corporate responsibility gets managed. Its first document was the 1999 AA1000 Framework, intended as an overarching framework that can be used on its own or with other standards. It spells out five phases of corporate responsibility management.

1. Planning
   The company commits itself to social and ethical accounting, auditing and reporting, with stakeholders playing a key role.

2. Accounting
   Through stakeholder consultation, the company identifies issues relating to social & ethical performance, scope of the audit is defined, as are the indicators, and information is collected and analysed.

3. Auditing and reporting
   The company prepares its corporate responsibility report, it is audited by an external group; the information then communicated and feedback received.

4. Embedding
   The company embeds its accountability systems.

5. Stakeholder engagement
   A principle that underpins the four other phases (mentioned above).

   Reporting, AA1000 Assurance Standard assures stakeholders regarding quality of the company’s reports, systems processes, and competencies. It is part of a system that provides core assurance principles, standards, and guidelines about practice and quality, implementation, and a qualification for assurance providers. (189Leipziger, 2003; 190AccountAbility, 2008)

   Keeping these emerging trends in mind, ISO is now developing standards that address the human aspect. ISO has
recently launched the development of the future ISO26000 standard providing voluntary guidance on Social Responsibility (SR). It will draw on best practice developed by existing public & private sector SR initiative. ISO26000 standard will work as coordinating mechanism; it will harmonize international agreements in this direction \(^{191}\) (Singhal, 2008).

2.8: CSR Practices in Different Countries:

The wave of CSR in the globe seems to have encompassed different continents & countries. India Partnership Forum listed out CSR as followed in selected countries mentioned below \(^{192}\) (Gopinath and Muralidhar, 2006).

In Argentina, the main objective of CSR is seen as stimulating the economic development of a community. CSR primarily signifies a corporation's ability to respond to social challenges. Companies are expected to make a strong commitment to education, worker rights, capacity building and job security. The process starts with developing good relations with neighbours.

In Brazil, the focus is on commitment to strive for the best economic development for the community, to respect workers and build their capabilities, to protect the environment and to help create frameworks where ethical business can prosper.

In Ghana, CSR is interpreted as capacity building for sustainable livelihood. There is emphasis on business opportunities in building the skills of employees, the community and the government. CSR also signifies respect for cultural differences.

In Taiwan, CSR is seen as a contribution to development of natural and human capital, in addition to just making a profit.

In Thailand, there is an emphasis on local relevance. CSR is seen as meaningful only if backed up action.

In Philippines, CSR is about business giving back to society.

The evidence from Japan reflects that corporate citizenship in that country is exemplified by business, communities and governments working together to solve the problems of community \(^ {193}\) (Lewin et al, 1995). It is a participatory approach by business with a holistic approach well beyond charity or philanthropy.
In Netherlands, CSR is about making a leadership commitment to core values and recognizing local and cultural differences when implementing global policies. There is great emphasis on companies endorsing the UN Convention on Human Rights and the ILO Rights at Work.

In the USA, CSR is seen as taking personal responsibility by business for its actions and impacts on the society. Companies and employees must undergo a personal transformation, re-examine their roles, their responsibilities and increase their level of accountability. According to a 2004 Deloitte & Touche survey 72 per cent of Americans said they would prefer to work for a firm that supports charitable causes. More than half of U.S. workers want their employers to be more environmentally friendly and only 22 per cent believe their company is doing enough or too much in this area.

Internationally, the UK is increasingly seen as one of the leading contributors of CSR thinking and practice. The Government has an ambitious vision for Corporate Social Responsibility to see UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally.

On March 13th 2007, the European Parliament voted by an overwhelming majority across the party spectrum to back mandatory reporting on the social and environmental impacts of business, thus setting a new standard for social responsibility in Europe.

**CSR in Middle East:**

Charity in itself is not a new concept in the Middle East. For centuries the Holy Qur'an has deemed that every adult, stable, free, and financially able Muslim male or female has a responsibility to support specific categories of people through a process deeply ingrained in Islamic values called Zakat, giving alms to the poor. The difference between this practice and CSR, however, is that the former is a private, potentially nontransparent, affair. This holds advantages for donors who feel the need to see how their money was spent, a service the Zakat system may not necessarily provide (Kapur, 2006).
This influence on business practices is most evidenced by Zakat, a requirement under the religion's Holy Scripture to provide financial support for specific categories of people, including, *inter alia*, widows, the disabled, and orphans, for the purpose of ensuring a "better society." Although this is technically a private affair, Zakat is a common feature of corporations all over the Gulf Region, with major companies donating significant amounts of money at specific times each year for different charity projects (Marios et al., 2007).

2.9: CSR of Global Companies/Foundation

CSR seems to be an integral part of the operation of multinational companies (MNCs). Some companies prefer to handle CSR activities in-house, some outsource CSR activities to local NGOs (Jamali & Mirshak, 2007) and some have instituted a separate foundation to translate their CSR vision into action. Growing pressure on multinational corporations (MNCs) to take responsibility for their operations has resulted in an increasing number of large corporations starting to address the concept of Corporate Social responsibility (Harlia & Pertrini, 2003).

MNCs have put a lot of efforts on the Triple Bottom Line - environment, social and economic. They reuse, reduce and recycle the resources or materials, reduce the emission of carbon dioxide, provide energy-awareness training to employee and donate money to Green Peace. In social dimensions, MNCs have actively participated in donations or charitable works. Some are dedicated towards campaign for raising awareness of the issues and taboos surrounding HIV and AIDS. Some have also invested in the area of young education.

The broad outlines of the CSR initiatives of a few MNCs/Foundations are presented below:

2.9.1: Bill Gates and Melinda Foundation:

The Bill & Melinda Gates Foundation (B&MGF) is the largest transparently operated private foundation in the world, founded by Bill and Melinda Gates in 2000; and it doubled in size by Warren Buffett in 2006. The primary aims of the foundation are, globally, to enhance healthcare and reduce extreme poverty, and, in the United...
States, to expand educational opportunities and access to information technology.

The foundation, based in Seattle, Washington, is controlled by its three trustees: Bill Gates, Melinda Gates, and Warren Buffett. It has an endowment of US$ 38.7 billion as of December 31, 2007. The scale of the foundation and the way it seeks to apply business techniques to giving makes it one of the leaders in the philanthro-capitalism revolution in global philanthropy. In 2007 its founders were ranked as the second most generous philanthropists in America. On May 4, 2006, the foundation received the Prince of Asturias award for International Cooperation. Bill and Melinda Gates, along with the musician Bono, were named by TIME as Persons of the Year 2005 for their charitable work.

2.9.2: PepsiCo:

PepsiCo is one of the world's largest food and beverage companies, with 2007 annual revenues of more than $39 billion. PepsiCo's commitment to sustainable growth, defined as Performance with Purpose, is focused on generating healthy financial returns while giving back to communities the company serves. This includes meeting consumer needs for a spectrum of convenient foods and beverages, reducing the company's impact on the environment through water, energy and packaging initiatives, and supporting its employees through a diverse and inclusive culture that recruits and retains world-class talent.

PepsiCo was honored with the Environmental Protection Agency's (EPA) 2008 Energy Star Partner of the Year Award for its commitment to reduce greenhouse gas emissions. In addition, the company received the EPA's Sustained Excellence recognition, which is reserved for businesses that have shown a high level of commitment to improving energy efficiency over several years.

PepsiCo, Inc. has been named a global sustainability leader as it was added to the Dow Jones Sustainability World Index (DJSI World) for the first time the year 2006-2007, as well as retaining its place on the Dow Jones Sustainability North America Index (DJSI North America). The report is the most robust in PepsiCo history, using the Global Reporting Initiative (GRI) guidelines as a template.
It is designed to provide an overview of the company's initiatives and areas of focus.

2.9.3: Colgate-Palmolive:

Colgate-Palmolive’s online sustainability report, *Respecting The World Around Us: Living Our Values for Sustainability* gives the details of Company’s long-standing commitment to sustainability and social responsibility. Colgate-Palmolive has earned recognition as a leader in corporate governance by Governance Metrics International. It has become one of only three companies in the world to achieve a score of 10 in all of GMI’s rating cycles since its inception in 2003. Colgate-Palmolive has reached 500 million children through its Bright Smiles, Bright Futures program, an oral health care initiative. It has reduced its total recordable accident rate by 94% since 1990 and offered more than 150 educational courses in 25 languages to its employees.

“Colgate-Palmolive is committed to do business with integrity and respect for all people and for the world around it” - says its President and Chief Executive Officer Ian Cook. For Colgate, a responsible corporate citizen means creating long-term shareholder value by embracing opportunities related to three broad areas: People, Planet and Performance. People are touched by Colgate; they include employees, business partners, retail customers, consumers, shareholders and other stakeholders. It is concerned with to protect the planet by operating in a manner that is safe for the environment and protects the world for future generations. Finally, Colgate-Palmolive is also mindful that its performance has an impact on the communities where it operates.

2.9.4: Disney:

Ever since Walt Disney founded the company in 1923, it has dedicated itself to make the wishes of children and families a reality through charitable outreach and volunteerism around the world. In 2005, Disney contributed more than $190 million dollars in cash, in-kind support and public service air time.

Today, Disney is the number one wish of children with life-threatening medical conditions, and Disney fulfills more than 5,000 wishes each year for the Make-a-Wish Foundation® alone. Disney
strongly supports the Foundation's mission of granting wishes for these special children to bring them hope, strength and joy.

Disney supports children's hospitals through financial donations, cheerful room renovations, beloved Disney character visits and the annual delivery of magical toys, DVDs and other requested items. Through these efforts, Disney strives to brighten hospital stays for children around the world.

Disney makes a difference by sharing its resources with those in need. It supports Toys for Tots to help ensure that every child receives a toy during the holidays, contribute books to children who have never owned one through First Book and it funds programs that provide children with positive places to learn and grow, like the Boys and Girls Clubs of America.

Disney makes a difference in the lives of children in need around the world through global outreach programs, local community initiatives and the Disney VoluntEARS program. Disney also reaches out in times of crisis by providing financial and in-kind support to disaster relief organizations, including the American Red Cross and Red Crescent, and to organizations around the world that rally volunteers committed to making a difference.

2.9.5: NOKIA:

Corporate responsibility is fundamental to Nokia's business, brand and culture. Nokia aims to set the standards for the industry through initiatives that not only make a positive impact, but also make good business sense. The Nokia Code of Conduct commits to uphold the principles of the Universal Declaration of Human Rights, the International Labor Organization and the Global Compact.

Corporate responsibility (CR) at Nokia is a collective effort. It believes that management of CR issues is most effective when sustainability policies and programs are embedded in every aspect of operations. Environmental issues have been NOKIA's main priority in 2007. It is a fact that climate change is a serious threat which requires everyone to contribute to building a low carbon economy. NOKIA believes that strong, early action is necessary and therefore finds out opportunity to make a contribution to tackling climate change beyond the impact of its operations and products.
Nokia is among the world’s leading companies for all aspects of environmental performance, with three priorities: energy efficiency, managing substances in the products, take-back and recycling.

2.10: CSR in Indian Context: ‘From Charity to Business Strategy’

Corporates in India, as anywhere else in the world are striving to improve the public image of business (Ratnam, 2006)\textsuperscript{198}. In the recent times, companies in India have been spending a lot of time, effort and money to prove that they are socially responsible citizens. Many of the companies have been able to touch the lives of the underprivileged, the dispossessed and the battered, and give them a new lease of life (Menon, 2006)\textsuperscript{199}.

The concept of ‘Trusteeship’, as propounded by Mahatma Gandhi, finds echo in the concept of ‘Triple Bottom Line’ (Gupta and Saxena, 2006)\textsuperscript{200}. Religion and charity have always been linked in India with business, and people being nurtured in a social environment founded on the belief that ‘giving’ is good.

Traditionally, large Indian companies or industrial families like the Tatas, Ambanis and Birlas have taken up voluntary responsibility towards civil society beyond immediate company interest. These initiatives usually focus on the local community where the plants are located. Companies usually finance community development projects ranging from primary educational projects, health care assistance, accommodation facilities and access to information technology and other services.

Many Indian companies have set up separate Foundations or Trusts to use the funds most effectively, e.g. the Azim Premji Foundation, the Infosys Foundation and the Mahindra Education Trust. In recent times, a number of foundations set up by leading Indian firms, including Infosys, Wipro, Tatas, TVS, and Dr. Reddy's Laboratory, have taken a keen interest in corporate activism to improve healthcare, education, and living conditions, and reduce poverty. They support hundreds of non-governmental organizations and have built orphanages, hospitals, and schools.
Also in the public sector undertakings social obligations remain an integral part of the business of enterprises such as BHEL (Bharat Heavy Electricals Ltd), HDFC (Housing Development Finance Corporation), NTPC (National Thermal Power Corporation) and ONGC (Oil and Natural Gas Corporation). Currently BHEL has been working in the area of rural development, where the company has adopted 56 villages located in different parts of the country. Social welfare activities are undertaken regularly by the company, benefiting over 80,000 people of these villages. Traditionally, charity and philanthropy in India have been an essential part of what nowadays is called Corporate Social responsibility (CSR).

Other corporate houses have also played active roles in CSR. Prominent among them are Colgate-Plamolive with its support to the Meljol and Make a Wish Foundation for street kids. The Pratham Foundation for education of underprivileged children are amongst other initiatives.

The subject of CSR is gaining importance and more number of companies are found engaged in CSR activities. The number of foundations set up by the private sector or private individuals is also on the rise (Planning Commission, 2007)\textsuperscript{201}. Prime Minister Dr. Manmohan Singh, at a meeting of the CII in May 2007, urged the Indian industry to rise to the challenge of making the growth processes of the country both efficient and inclusive. On CSR, he further informed that it is not an imported western management notion but is a part of our cultural heritage. Mahatma Gandhi called it trusteeship.

Private companies, PSUs, Small and Medium Enterprises (SMEs) and even co-operatives are increasingly participating in CSR activities. The Ministry of Corporate Affairs (MCA), dealing with the Companies Act, has set up a National Foundation for Corporate Governance (NFCG) as a not-for-profit trust. It provides a platform to deliberate issues relating to good corporate governance practices and to facilitate exchange of experiences and ideas between corporate leaders, policy makers, regulators, law enforcing agencies and NGOs. Ministry of Corporate Affairs, Department of Public Enterprises, Ministry of Small Scale Industries, etc. also promote CSR awareness among companies.
Large public sector companies are investing up to 5 percent of their profits towards social uplift and community development. ONGC have committed resources by adopting a few villages to implement President Abdul Kalam's idea of PURA (Provision of Urban Amenities in Rural Areas).

NTPC has established a trust to work for the cause of physically challenged people (Ratnam, 2006). NTPC was the first Public Sector Undertaking (PSU), and in that way the pioneer, in having such a policy in 1993. International funding agencies, as also the Government of India, recognise and acknowledge the experiences gained by NTPC in this significant task.

CSR is more than philanthropy and does not necessarily refer to 'giving and receiving'. To quote Venu Srinivasan, Chairman of the Confederation of Indian Industry (CII) and Managing Director, TVS Motors and Sundaram Clayton, "an effective CSR initiative must engage the less privileged on a partnership basis" ..... "Over 80 per cent companies in India are engaged in CSR-oriented activities, marking a 17 per cent jump since 2004" (National Summit on CSR, 2007). Significantly, a recent study by the Nottingham University Business School has ranked India number one, in terms of CSR penetration among the seven Asian countries surveyed, even though India had the lowest per capita GNP.

Now, let us go through the CSR activities of major industrial houses & foundations.

2.10.1: TATA Group:

The Tata Group, one of the oldest and largest Indian conglomerates, has been in the business for 140 years and draws respect for its adherence to strong values and business ethics. It is one of the forerunners in the field of CSR among Indian Corporate houses. With institutions like the Tata Memorial Hospital, The Indian Institute of Science, the Tata Memorial Sports Club etc. they have into social welfare for long now. The Group spends Rs 800 - 1,000 crore a year on corporate social responsibility (CSR). The combined development-related expenditure of the Trusts and the companies amount to around four per cent of the Group's net profit.
Tata companies also extend social welfare activities to communities around their industrial units.

The Tata Council for Community Initiatives (TCCI) has, over the years successfully institutionalized the work. Individual Tata companies have been doing in the area of community welfare, and helped them to focus their efforts to optimally influence the development of society.

Tata Steel is a pioneer in the concept of CSR in India. The company has received a number of awards in recognition of its CSR efforts. A testimony to Tata Steel's contribution is The Energy and Resources Institute (TERI) Award conferred on it in recognition of corporate leadership for good corporate citizenship and sustainable initiatives. It is the only Indian company to have pledged to translate the Global Compact principles on human rights, labour and environment into practice.

Ratan Tata says, “We are not doing this for propaganda or visibility. We are doing it for the satisfaction of knowing that we have really achieved and given something to the community in which we are working. We are doing it because we really wish to do it by choice.”

2.10.2: Birla Group:

Before Corporate Social Responsibility found a place in corporate lexicon, it was already textured into Birla Group's value systems. Since 1940s, Shri G.D Birla espoused the trusteeship concept of management. This entails that the wealth that one generates and holds is to be held as in a trust for our multiple stakeholders. With regard to CSR, this means investing part of our profits beyond business, for the larger good of society. Birla's social work today straddles over 3,700 villages, reaching out to more than 7 million people annually. Its community work is a way of telling the people among whom the company operates that “We Care”. While carrying forward this philosophy, his grandson, Aditya Birla weaved in the concept of 'sustainable livelihood', which transcended cheque book philanthropy. In his view, it was unwise to keep on giving endlessly. Instead, he felt that channelising resources to ensure that
people have the wherewithal to make both ends meet would be more productive.

It's projects are carried out under the aegis of the "Aditya Birla Centre for Community Initiatives and Rural Development", led by Mrs. Rajashree Birla. The Centre provides the strategic direction, and the thrust areas for work are ensuring performance management as well. Its focus is on the all-round development of the communities around the plants located mostly in distant rural areas and tribal belts. All the Group companies - Grasim, Hindalco, Aditya Birla Nuvo, Indo Gulf and UltraTech have Rural Development Cells are the implementation bodies. Projects are planned after a participatory need assessment of the communities around the plants is done.

2.10.3: Steel Authority of India Ltd:

SAIL has been practicing CSR right from its inception. It espoused its responsibility to the society as the principal motive for its existence & operation. Its actions are guided by its central philosophy - making meaningful differences in people's lives. Born with the ethos of nation building, SAIL has ensured that wherever it operates, its employees as well as people in the nearby area have access to safe drinking water, health care, education & roads. 233(TOI, April 28, 2006; Pp3).

Under Peripheral Development various activities are undertaken around the plants/units up to a radius of 16 kilometers. SAIL has continuously strived to provide the best of Education for the children and wards of employees. Over the years it has opened about 200 schools in the Steel Townships, which employ more than 6000 teachers who impart modern day education to over 1,00,000 children. Bhilai Steel Plant has adopted 36 tribal children of Chattisgarh region and is providing free education, boarding and lodging facilities.

There are 20 state-of-the-art hospitals situated throughout the country having a total strength of around 4500 beds for the benefit of employees, their dependants and the peripheral population and are managed by around 6000 doctors, medical and paramedical staff. SAIL is having an AIDS Awareness and Control Program in
partnership with National AIDS Control Organization (NACO), Ministry of Health & Family Welfare.

SAIL has developed and nourished sports and games over a period of time and established **academies** for handball, hockey and football at Bhilai, Rourkela and Bokaro respectively. The handball and hockey academies are joint ventures with Sports Authority of India (SAI). As a result of the training, the academies are proud to have produced National, Commonwealth and SAF champions. SAIL also gives scholarships, amounting to Rs.4,200/- per annum, which have encouraged about 30 SAIL family children to either win national medals or be selected to the national teams.

**2.10.4: Infosys Foundation:**

Right from its inception, Infosys has lived by its motto — "**Powered by intellect, Driven by values**" (Bajpai, 2006)\(^{204}\). Infosys Foundation, the philanthropic arm of Infosys Technologies Ltd., came into existence on 4th December 1996 with the objective of fulfilling the social responsibility of the company by supporting and encouraging the underprivileged sections of society. Infosys commits one per cent of its profits to social causes.

It is a public charitable trust with Mrs. Sudha Murty, Mrs. Sudha Gopalakrishnan and Mr. N.S. Raghavan are the trustees of this foundation. The foundation got the prestigious ET Corporate Citizens Award (2000-2001).

The main activities of the Infosys Foundation are:

1. **Healthcare:**
   - Conducting rehabilitation camps at tribal areas, drought hit areas;
   - Construction of Hospitals; Upgrading hospitals with ultrasound scanners, ambulance, significant drugs etc.

2. **Social Rehabilitation and Rural Upliftment:**
   - Construction of Orphanages, Old age homes, Rehabilitation of Devadasis in Karnataka, Rehabilitation of mentally retarded through local organizations, Rehabilitation of children on platforms, streets and slums, assisting the promotion of social awareness among the tribals or other backward communities, Donation of passenger vans to certain rehabilitation centers.
3. **Learning & Education:**

   Setting up libraries for Every Rural Kannada Medium School by donating a set of about 200 books, Construction of additional classrooms or re-construction of old classrooms/school building, Donation of equipments to schools like Computers, Furniture, etc; Construction of Science Laboratories, Assisting the promising students of economically weaker sections by means of scholarships or contributing to pay their annual fees.

4. **Art:**

   Promotion of deprived art or culture by organising stage-shows, Donating for such organisation which promotes such a talent.

**2.10.5: Azim Premji Foundation & Wipro:**

   The Foundation was set up with financial resources contributed by Azim Premji. The Foundation says - it aims at making a tangible impact on identified social issues by working in active partnership with the Government and other related sectors of society & dedicated itself to the cause of Universalization of Elementary Education in India". The organisation has over the years been instrumental in improving the quality of general education, particularly in rural schools.

   This innovative idea from the Azim Premji Foundation is being deployed in the computer aided learning centre at the Byatarayanapura Higher Primary School in Bangalore South District and in another school. There are now 68 titles in Karnataka, 42 for Andhra Pradesh, 35 for Tamil Nadu and Pondicherry, 18 for Urdu medium schools, six for Odisha, 14 for Gujarat, 3 for Punjab and 1 for Kerala.

   "Wipro Cares" is an initiative by the Wiproites, their family members and friends to contribute in the areas of education, community and social development. Wipro Cares philosophy is to utilize the collective wisdom of volunteers to bring long term benefits and satisfaction to the community, as we believe that providing funds alone will not help the community.

   This is a unique corporate experiment to channelise the contributions of the Wiproites matched by Wipro, and the desires of
Wiproites to make meaningful contributions to society, on a continuous basis. It contributes through two pronged strategy: providing rehabilitation to survivors of natural calamities and enhancing learning abilities of children from the under privileged sections of the society.

2.10.6: ONGC:

Oil and Natural Gas Corporation (ONGC) Ltd, a major public limited company, is also one of the largest companies in India. The mission of ONGC stated that the company would have an "abiding commitment to health, safety, and environment to enrich quality of community life." And this mission was reflected in its CSR activities. ONGC is committed to allocate funds equivalent to 0.75 % of net profits of the previous year, towards socio-economic development programmes, every year (TOI. 2006).

CSR at ONGC began as a philanthropic activity where the company contributed to several socio-economic developmental programs like building schools and hospitals, developing agriculture and cottage industry, building infrastructure facilities, etc., around its areas of operation on an ad hoc basis.

ONGC's CSR programs at the corporate level focused on disaster relief management and water management projects. When disasters struck India, ONGC provided relief and helped state and central governments in rehabilitating those affected. For example, when a heavy cyclone hit the eastern state of Odisha in 1999, the company provided immediate relief like food, drinking water, temporary shelters, medicine, clothing, etc. ONGC doctors provided medical treatment round the clock. The company also contributed Rs. 80 million toward the Prime Minister's relief fund and took steps to rehabilitate the cyclone victims.

ONGC was involved in various community development programs like promoting literacy and higher education by providing grants or scholarships to the economically disadvantaged, donating money for the construction and renovation of schools, promoting healthcare by organizing medical camps, eye camps, through mobile dispensaries, etc.
In 2003, Dr. A. P. J Abdul Kalam, President of India, put forth the concept of PURA - 'Providing Urban Amenities in Rural Areas'. This aimed to bridge the urban-rural gap through a balanced socio-economic development program. The main idea was to provide four major connectivities - physical (transportation and power), electronic (communication network through telecom, the Internet, and IT services), knowledge (institutions and vocational training centers), and economic empowerment (through overall socio-economic development) to rural communities.

2.10.7: Ballarpur Industries Ltd (BILT)

It is committed in developing its business towards ecological, social and economic sustainability. A key initiative in environmental accountability is the BILT farm forestry programme, which has brought 32,000 hectares under plantation, benefitting nearly 37,000 farmers by 2008.

Today, its Community development programmes reach more than 2,00,000 people living in more than 100 villages around the Mills. It has created many community based organizations like Self Help Groups (SHGs), Youth Groups etc.; service providers for Health, Education, and Livestock issues and developed & improved agriculture practices and trains the local youths through vocational courses. Micro entrepreneurship at the village level has been the focus of its intervention. It has developed active partnerships with 12 NGO’s who implement the projects at the field level.

Its Employee Volunteer Programme (EVP) allows employees to participate in the Company’s sustained involvement with the communities for better social change. It has more than 300 employee-volunteers who regularly volunteer their time for activities.

The prevention of HIV/AIDS programme, launched in 2005, focuses to create awareness about the disease. It has involved its own employee volunteers to deliver prevention message. So far it reached out to more than 12000 people within the company and about 2000 truck drivers. It has also conducted awareness programmes with more than a 1000 school going adolescent children. Mass awareness programmes are conducted in the community fairs and in public
gatherings. Health clinics have been started for truck drivers who visit BILT.

BILT believes that good quality primary education can be a firm foundation for the bright future of children of our country. It has joined hands with Pratham, an NGO to make good quality primary education accessible to the most marginalized children. It has so far reached out to more than 300,000 children all around the country. At all its units a total of 75000 children have benefitted through the education programmes for school dropouts.

It has initiated innovative programmes like the Mobile Computer Literacy programmes in partnership with Vidya Pratishthan, an NGO promoting the use of IT in rural areas. The programme intends to reach out to about 6000 children on an annual basis.

2.10.8: Moser Baer (India) Ltd (MBIL)

The Company believes that Corporate Social Responsibility (CSR) is the way to conduct business that achieves a balance or integration of economic, environmental and social imperatives while addressing stakeholders’ expectations.

Community Development vehicle, Moser Baer Trust is headed by CSR Head of Moser Baer. Community programmes are designed to meet Millennium Development Goals (MDGs) in MBIL’s sphere of operations - as contribution to nation building. It was set up for this purpose focusing on the issue of health, livelihoods and digital literacy in its surrounding areas, access to education for visually challenged children, disaster preparedness etc.

Moserbaer Trust in partnership with CAP Foundation and USAID has initiated Disha - a livelihood programme that aims to create jobs in the Greater Noida region for migrant underprivileged youths (specially school drop outs, women, people living below the poverty line) who do not have any chance of a dignified livelihood because they are not 'employable' and lack the skills required by new economy jobs. The Trust offers technical courses like Customer Relation & Sales, Office Assistant, Hospitality, Call Center Training, Computer Hardware, Desk top Publishing, Information Technology Enabled Services etc.
On the request of Greater Noida Industrial Development Authority, it has initiated Project E-Shiksha to bring digital literacy to underprivileged youth in the area. Moser Baer being a responsible company towards the unorganized sector initiated Balwadi, for the children of construction labourers. Apart from this, the Trust also runs a weekly Health OPD that reached out not only to children but also to their parents. The OPD also takes care of the immunization of the children. Nutritional needs are taken care through meals provided by the canteen of the company and daily snacks like biscuits, milk and banana. It has provided toys, school bags, books, copies and other stationeries to children.

One of the biggest challenges in education of persons with blindness is to make books available in Braille, e-text or audio format so that students could read books themselves. So, it has taken up a Project “Udaan” for the visually challenged children across India in association with National Association for the Blind (the largest non-government organization working in the area of the education and rehabilitation of persons with blindness in India). It has set up a recording studio at Greater Noida where many employees and their families volunteer to participate in the recording of text books for blind.

2.10.9: State Bank of India (SBI)

It is actively involved in CSR since 1973 through a non-profit activity called Community Services Banking. All its branches and administrative offices throughout the country sponsor and participate in large number of welfare activities and social causes.

The Bank, as a responsible and responsive corporate citizen, seeks to reinvest part of its profit in various community welfare projects to improve the quality of life of the poor, neglected, weaker and downtrodden sections of society. In recognition of its contribution to Rural Community Development, the Bank was awarded the prestigious Reader’s Digest Pegasus Corporate Social Responsibilities Award 2007. In fact, it was the only Bank to have received this recognition.

Under the scheme ‘Adoption of the Girl Child’, over 8,300 poor girl children have been adopted by various branches throughout
the country to meet their personal and educational expenses. This is not merely a financial assistance scheme but offers emotional and psychological support to the ‘adopted girls’ due to the active involvement and care of the SBI Ladies Clubs.

From the Research and Development Fund, the Bank extends grants to various Universities and Academic institutions for promotion of research.

2.10.10: ACC Ltd.

It is one among the first companies in India to include commitment to environment protection as a corporate objective. The Company has a separate CSR department which was introduced in 2006. It has got an organizational structure for CSR and inducts experienced and trained professionals to coordinate this work at regional and plant levels.

The Company’s earliest initiatives on community development date back to the 1940's in a village on the outskirts of Mumbai while the first formal Village Welfare Scheme was launched in 1952. Community development activities revolve around the underprivileged community that lives in the immediate vicinity of its cement plants. At all its cement factories it shares amenities and facilities with members of the local community. This includes sharing of education and medical facilities, sports and recreation.

ACC has come out to provide support to state and national health initiatives such as the eradication of malaria, dengue fever and the dreaded HIV. The Company and its employees contribute generously during the time of national disasters. The Company has set examples for achievement in water harvesting and creation of reservoirs.

2.10.11: Reliance Industries Ltd (RIL)

The Dhirubhai Ambani Foundation every year recognises meritorious students at district level through rewards and scholarship schemes through "Dhirubhai Ambani SSC - Merit Reward Scheme" and Dhirubhai Ambani Undergraduate Scholarship Scheme"

The Foundation has reached out to a total number of 4763 meritorious students, including 472 Physically Challenged during 1998-2008. The SSC Merit Reward consists of Rs 3,000/- in cash, a
good quality bicycle to motivate meritorious students from rural India. The Physically Challenged meritorious student is rewarded with Rs 6,000/- . The Undergraduate Scholarship for Meritorious HSC students, payable each year till graduation ranges between Rs 9,500/- and Rs 31,500/- p.a. depending upon the stream chosen by the Scholar. 'Reliance Kargil Scholarship Scheme' supports educational needs of the children of defence personnel who sacrificed their lives or were disabled during Kargil war. This scholarship scheme was instituted with the generous contribution from Reliance employees.

RIL extends extensive financial support and professional expertise to Sir Hurkisondas Nurrotumdas Hospital and Research Centre (HNHRC), a charitable hospital offering free and subsidized services to a good proportion of the patients availing of its various diagnostic and treatment facilities. The Hospital is equipped with state-of-the-art operation theatres optimally used for specialized surgeries. Free Health Check up is conducted for the benefit of senior citizens and the physically challenged.

Dhirubhai Ambani Hospital, Lodhivali in Raigad district is dedicated to improve the quality of life in surrounding communities. It extends prompt and specialised services to the Mumbai-Pune highway accident victims. Trauma patients are provided free life saving treatment.

Community programmes or social development initiatives by the Indian companies, in most cases, were philanthropic and/or ad hoc in nature and not integrated into core business activities such as marketing and brand management. There is a need for Indian corporates to graduate from thinking in terms of just charity, to the concept of responsibility. There is also an urgent need to integrate CSR with business strategy i.e. to link company’s core business and strengths on the one hand with resources available with the organisation internally and needs of the external environment, on the other.

"There is virtually no incentive in India for companies that work towards creating jobs, following sustainable environmental practices or supporting developmental projects," said ITC Chairman
Currently, there is no statutory requirement in India for preparation and publication of sustainability report.

2.11: CSR Initiatives by Govt. of India:

In the Annual General Meeting of the Confederation of Indian Industry (CII) in May 2007, the Prime Minister Dr. Manmohan Singh has laid down 10-point social charter for the Indian Corporate Houses. The crux of the Charter is a sweeping call for India Inc to partner and supplement the government’s attempts to make economic growth socially and regionally more inclusive. The Charter called for inclusive growth & affirmative action from the corporate sector. He urged upon corporate India to be a partner in making a more humane and just society.

Ten-point Social Charter:
1. Have a healthy respect for your workers and invest in their welfare.
2. Corporate social responsibility must not be defined by tax planning strategies alone.
3. Industry must be pro-active in offering employment to the less privileged, at all levels of the job ladder.
4. Resist excessive remuneration to promoters and senior executives and discourage conspicuous consumption.
5. Invest in people and in their skills.
6. Desist from non-competitive behaviour.
8. Promote enterprise and innovation, within your firms and outside.
9. Fight corruption at all levels.
10. Promote socially responsible media and finance socially responsible advertising.
Voluntary CSR guidelines by the Ministry of Corporate Affairs:

In December 2009 voluntary CSR guidelines were issued by the Ministry of Corporate Affairs, which says that each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board.

The CSR Policy should normally cover following core elements:

1. Care for all Stakeholders:
2. Ethical functioning
3. Respect for Workers' Rights and Welfare
4. Respect for Human Rights
5. Respect for Environment
6. Activities for Social and Inclusive Development

Guidelines on CSR for Central Public Sector Enterprises:

Department of Public Enterprises, Govt. of India has come out with a guideline on CSR for Central Public Sector Enterprises (CPSE) in April 2010. It says that the CPSEs to invest a part of their profit on social and environment issues, thereby focusing profitability on the triple bottom line - social, environmental and economic - with an integrated approach.

It states that CSR, in the present context, means not only investment of funds for social activities but also integration of business processes.

The guideline makes it mandatory for the profit-making PSUs to create a CSR budget through a Board Resolution as a percentage of net profit of previous financial year in the following manner:
Table-2.6: Allocation of funds for CSR activities

<table>
<thead>
<tr>
<th>Net Profit in a Financial Year (Previous Year)</th>
<th>(% of profit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Less than Rs. 100 crore</td>
<td>3 % - 5%</td>
</tr>
<tr>
<td>(ii) Rs. 100 crore to Rs. 500 crore</td>
<td>2 % - 3 %</td>
</tr>
<tr>
<td>(iii) Rs. 500 crore &amp; above</td>
<td>0.5 % - 2 %</td>
</tr>
</tbody>
</table>

The CSR Budget would not lapse but would accumulate by transferring unspent funds to a CSR Fund. Loss-making PSUs are not mandated to earmark a CSR budget but advised to integrate business processes with social processes. Through this, it is estimated that a total annual CSR budget of Rs 5,000 crore will be created with the potential to make a tremendous impact on the development of the country.

Regarding implementation modalities, it states that CSR Activities to be carried out by Specialist Agencies; such activities generally not to be conducted by CPSE employees/staff. Specialist Agencies to include NGOs, Institutes, Academic Organizations, Civil Society/Community-based Organizations, Trusts, Missions etc., who have requisite expertise. Utmost efforts to be made to find out the reliability, and track record of the NGOs/Organizations entrusted with CSR activities. Initiatives of State Governments as well as Central Government Departments/Agencies could be dovetailed/synergized with CSR activities.

The CSR project should be evaluated by an independent external agency. This evaluation should be both concurrent and final. For proper monitoring of CSR activities, companies may appoint a CSR committee or a Social Audit Committee or a suitable, credible agency to critically assess fulfillment of social obligations.

It also states that benefits to staff & grants to organizations/institutions will not count as CSR.
2.12: Impact

Today, many corporations in the U.S. allow employees to write about their community service as part of their annual evaluation report. Most corporations in the U.S. expect potential employees to be active in the community and to show leadership. Interviewing processes also emphasize community work. This encourages students to engage in social activities. At UT-Austin, MBA students raise money and food for local charities, and volunteer to build homes for the poor. Many student groups organize trips to underdeveloped countries for community work. Numerous undergraduate students visit poor neighbourhoods to provide computer education to tackle the digital divide. There is a remarkable community feeling that is developed and nurtured in the school environment, which they carry over to the corporate world.

In the United Kingdom, to achieve the goals in sustainable development, Government works with leading partners in CSR to encourage the wider adoption of CSR across business of all sizes. The establishment of a CSR Academy which aims to promote CSR learning through the first dedicated CSR Competency Framework is a significant step towards embedding CSR practices in Business Management. The Academy has as its partners - The Association of Business Schools, The British Chamber of Commerce and Chartered Institute of Personnel development.

The number of climate change-related jobs in the workplace is growing, which means more UK boardrooms could be welcoming a corporate social responsibility director to the table (Hanson, 2008). Its latest CSR survey shows that issues such as governance, environmental management, social equity, and employee and community relations are actually becoming such a significant issue that a growing number of businesses are appointing specialist officers to develop and enforce clear CSR strategies. Climate change, in particular, is climbing the corporate agenda - the number of climate change-related jobs has grown by 200 per cent in the last year. "CSR is getting more boardroom attention; universities now run degree courses in CSR". Like the evolution of the HR professional, there is a trend in the evolution of the CSR professionals. Businesses are
increasingly using it as a tool to manage risk and reputation. In fact, CSR budgets and team sizes are still relatively underdeveloped compared to those of more entrenched areas, such as marketing, HR, finance and IT.

In India, today, there is a new army of volunteers who are emerging from offices, cabins and boardrooms and spilling out on to the streets. IBM, for example, encourages volunteerism amongst its employees through its “On Demand Community Programme”. Fifteen per cent of IBM employees volunteer with various NGOs and IBM projects, including CRY, Association of People with disabilities and Parikrama, for which employees provide skill building activities, mentoring, administration support and technology training (Menon, 2006).

A. Mahendran, Managing Director — Godrej Sara Lee Limited and Director — Godrej Beverages and Foods Limited says, “We believe that CSR is not about funding ... that is secondary. We insist on employees and even employees spouses spending time working for causes such as the Children’s Toy Foundation and working with senior citizens in various old-age homes across Chennai.” As corporate citizen, it is important to invest in the trust of society, the customers and even more importantly, the employees. Mahendran says, “Developing an employee’s Emotional Quotient (EQ) is very important. We believe that volunteering helps increase an employee’s emotional bonding to the organization.”

KPIT-Cummins has a club called “Let Us Give”, membership to which is voluntary. Anil G. Kulkarni, Senior Vice president, KPIT Cummins Infosystems Ltd believes that volunteering is important because ‘while the organization contributes in terms of money and support, the employees contribute in terms of resources and more importantly, time.’ The company works in among others, the field of IT education and health, especially in rural areas and the members of the voluntary club spend their free time, including weekends, in villages, red-light areas and other places traditionally considered NGO territory.
Confederation of Indian Industries (CII) has envisaged a National Movement for Mainstreaming CSR for Sustained Inclusiveness as part of its Social Development Agenda. The CII National Committee on Corporate Social Responsibility & Community Development was constituted in 2001 to make CSR an actionable business agenda. The Committee develops CSR guidelines and promotes the sharing of CSR experiences and best practices. CII also organizes an annual CSR Summit to enable the stakeholders to review and strengthen the CSR Movement. The CII Development Initiatives ensures the continuity of these programmes, particularly with respect to women empowerment, industry-NGO partnership, and persons with disabilities.

CII and the TVS Group have collaborated to form the CII-TVС Centre of Excellence for Responsive Corporate Citizenship. The outfit, based in Chennai, provides consultancy services and technical assistance on social development and CSR.

Today, almost every large corporation is increasingly investing to improve its performance on sustainability parameters. The trend is being fuelled by the belief that working for communities has a direct correlation with the business performance.

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Development of Infrastructure

Photo- 2.1: Rehabilitation of Land Displaced Families (Damanjodi)

Source: CC and CSR Department, NALCO

Photo-2.2: Drinking water facilities in peripheral areas (Damanjodi)

Source: CC and CSR Department, NALCO
Photo-2:3: Construction of Rural Road (Damanjodi)

Source: CC and CSR Department, NALCO

Photo-2:4: Improvement of Rural Road (Angul)

Source: CC and CSR Department, NALCO