CHAPTER – 2
LITERATURE REVIEW

2.1. Introduction

This chapter examines the development of the concept and make-up of CSR and it is presented in order to create a theoretical understanding of Corporate Social Responsibility. Firstly, it explains the emergence the term of CSR along with a discussion about its definition and important elements or constituents. It also discusses the tools, instruments and international initiatives that help in defining and delineating various dimensions of corporate social responsibility.

A detailed account of UN Global Compact and Global Reporting Initiative (GRI) have also been given because these two initiatives have been employed in devising a benchmark model for screening the sensitivity of the business sector in India.

This chapter also presents previous research and theory concerning the concept of CSR and current movement for advancement of CSR in Asia and Europe.

2.2. Definition and Constituents of CSR

The intensive debate among academics, consultants and business executives has resulted in many definitions of CSR. There exist nearly as many definitions of CSR as there are articles written about the topic, and the concepts are sometimes supported, sometimes criticized (Marrewijk, 2003). In this section some different viewpoints of CSR related concepts to illustrate the abundance of existing definitions are presented. The wide range of CSR topics means that there are many different actors. This publication the examples of CSR theory and implementation from some of the key figures around the world, across the sectors, from government, industry and civil society are presented. The numerous ranges of voices are significant: whether it is industry practice, consultancy, research or marketing; national, international or local government; or whether it is large corporations or small firms.
The term of Corporate Social Responsibility (CSR) has long history. The first notion emerged in writing dating back to the 1950s mainly emanating from USA (Carroll, 1999). During the decades that have followed there has been significant growth in the attempt to formalize and conceptualize the idea. The Corporate Social Responsibility (CSR) movement has gathered great momentum over the past number of years (Crawford and Scaletta, 2005) and is now regarded to be at its most prevalent (Williams, 2005). It has been described as an ambiguous (Fischer, 2004), subjective (Frederick, 1986), unclear (McWilliams, 2001), amorphous (Margolis and Walsh, 2001), highly intangible (Cramer et al., 2004), fuzzy (McGuire, 1963) concept with unclear boundaries and debatable legitimacy (Lantos, 2001). Early definition emphasizes that importance of the relating business responsibility to power.

CSR is a broad concept and it is still looking for a common definition (see, for example, Votaw, 1973; Carroll, 1991; Jones, 1995, 1999; McWilliams and Siegel, 2001; Whitehouse, 2003; Garriga and Mele, 2004; Kakabadse, et al., 2007). In order to comprehend the various points of views of academics about CSR, Kakabadse, et al., (2007) have produced a list of definitions of CSR that covers the CSR debate over the last 50 years.

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Bowen (1953)</td>
<td>[CSR] refers to the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.</td>
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<tr>
<td>Frederick (1960)</td>
<td>Social responsibility in the final analysis implies a public posture towards society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.</td>
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<td>Friedman (1962)</td>
<td>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, engage in open and free competition without deception or fraud.</td>
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<tr>
<td>Davis and blomstrom (1966)</td>
<td>Social responsibility refers to a person’s obligation to consider the effects of their decisions and actions on the whole social system.</td>
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<td>Source</td>
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<tr>
<td>Andrews(1973)</td>
<td>CSR is a balance between voluntary restraint of profit maximization, sensitivity to the social costs of economic activity and to the opportunity to focus corporate power objectives that are possible but sometimes less economically attractive than socially desirable.</td>
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<td>Arrow (1973)</td>
<td>Firms ‘ought to’ maximize profit according to their social obligation since business profit represents the net contribution that the firm makes to the social good. On this basis, profit should be as large as possible and only be limited by law and ethical codes.</td>
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<td>Sethi(1975)</td>
<td>Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values and expectations of performance.</td>
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<td>Carroll(1979)</td>
<td>The social responsibility of a business encompasses the economic, legal ethical and discretionary expectations that society has of organizations at a given point in time.</td>
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<td>Jones(1980)</td>
<td>Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.</td>
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<td>Wood (1991)</td>
<td>The basic idea of corporate social responsibility is that business and society are inter-woven rather than distinct entities</td>
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<tr>
<td>Bloom and Gundlach (2000)</td>
<td>CSR is the obligation of the firm to its stakeholders – people and groups – who can affect or who are affected by corporate policies and practices. These obligations go beyond legal requirements and the firm’s duties to its shareholders. The fulfillment of these obligations is intended to minimize any harm and maximize the long run beneficial impact of the firm on society.</td>
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<tr>
<td>Baker (2003)</td>
<td>CSR is about how firms manage business processes to produce an overall positive impact of the firm on society.</td>
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<tr>
<td>Van Marrewijk (2003)</td>
<td>CSR is associated with the communion aspect of people and organizations, whilst corporate sustainability (CS) is associated with the agency principle. Therefore, CSR relates to phenomenon such as transparency, stakeholder dialogue and sustainability reporting, while CS focuses on value creation, environmental management, environmental friendly production systems, human capital management and so forth.</td>
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<tr>
<td>Crowther and Rayman Bacchus (2004)</td>
<td>CSR in its broadest definition is concerned with what is – or should - be – the relationship between the global corporation, governments and individual citizens whilst in its more local context it is concerned with the relationship between a corporation and its local society in which it resides or operates, or with the relationship between a corporation and its stakeholders.</td>
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</table>

Source: Kakabadse et al (2007)
The set of definitions given in the table above can be segregated into two groups, one group comprises of the academics who attach importance to profit maximization (Arrow, 1973). While a majority of academics in the other group hold the business responsible to all the stakeholders, not just to the shareholders. However, the two definitions that are widely referred to have been coined by Business for Social Responsibility (BSR) and the World Business Council for Sustainable Development (WBCSD).

The World Business Council for Sustainable Development (WBCSD) defines, CSR 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. There are number of other definitions that emphasize the importance of creating a balance in the interests of all the stakeholders of a business entity (Johnson, 1971). Hopkins (2003) also defines CSR as concern with treating the stakeholders of the firm ethically or in a responsible manner. Friedman et al. (2006) acknowledge the contribution of Carroll (1979) to the field of CSR. For him, the social responsibility of business encompasses the economic, legal, ethical and discretionary expectation that a society has towards business organizations at a particular time. Nearly all the definitions of CSR give a very general idea about the responsibility of business towards its stakeholders. According to Sutcliff (2003) and Lobbezoo et al., (2004), the non-existence of a clear-cut definition causes ambiguity about the elements to be included in CSR and this ambiguity causes anger among business people. Firms often define the term that fits their own interests (Welford, 2003). Some researchers such as Moon (2002) have attempted to earmark the constituents of CSR. According to Moon (2002), CSR comprises of three waves of activities namely 'community involvement', 'socially responsible production processes' and 'socially responsible employee relations'.

Welford (2004) has attempted to identify the social constituents of CSR. He identified twenty essential elements that demarcate the social responsibility of the business sector. These twenty elements have been inferred from international declarations of principles, conventions and codes of conduct with respect to human rights and social responsibility as well as from observation of industry best practices. Consideration of Human Rights, established by the United Nation’s Universal,
Declaration of Human Rights and ILO Conventions are the focal point of this approach to CSR. Local community protection and engagement, clear codes of conduct on bribery and corruption, transparency, accountability, and citizenship are among the other important elements of CSR.

The notion of firms looking beyond profits to their role in society is generally termed Corporate Social Responsibility (CSR). It refers to a firm linking itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the communities in which they operate. It goes beyond the occasional community service action. However, CSR is a corporate philosophy that drives strategic decision-making, partner selection, hiring practices and ultimately brand development (Michael McComb, 2002). The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has organizations at a given point in time (Archie B. Carroll, 1979).

CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment (Ruth Lea, 2002).

CSR is a means of analyzing the inter-dependent relationships that exist between businesses and economic systems, and the communities within which they are based. CSR is a means of discussing the extent of any obligations a business has to its immediate society, a way of proposing policy ideas on how those obligations can be met, as well as a tool by which the benefits to a business for meeting those obligations can be identified.

The World Business Council for Social Development (WBCSD) defined that CSR is the continuing commitment by business to behave ethically and contribute to sustainable development while improving the quality of life of the workforce and their families as well as the local community and society at large (WBCSD, 1999).
European Commission (EU) defined that CSR is the concept whereby firms integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, 2001).

International Business Leaders Forum (IBLF) defined that CSR is about promoting responsible business practices which benefit business and society and help to achieve social, economic and environmentally sustainable development by maximizing the positive impact business has on society and minimizing the negatives.

The International Organization of Employers (IOE) defines CSR as, initiatives by firms voluntary integrating social and environmental concerns in their business operations and in their interaction with their stakeholders.

ISO 26000 Working Group on Social Responsibility defines, Social Responsibility is the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior and is integrated throughout the organization.

Philip Kotler and Nancy Lee, (2005) define that CSR as “a commitment to improve community well being through discretionary business practices and contributions of corporate resources” whereas Mallen Baker refers to CSR as “a way firms manages the business processes to produce an overall positive impact on society.”

Table 2.2 provides the name of the common instrument belong to each of these categories.
Table - 2.2: Initiatives useful for definition and application of CSR

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<thead>
<tr>
<th>Aspiration Principles and Codes of Practice</th>
<th>Full name of the Instrument</th>
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<td>Amnesty International’s Human Rights Guidelines for firms</td>
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<td>Ethical Trading Initiative Base Code</td>
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<td>Global Sullivan Principles</td>
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<td>Accountability 1000 Series</td>
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Table - 2.3 : Initiatives covering various dimension of CSR

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Symbols and Meanings : √√√ = Inclusion with extensive coverage; √√ = Inclusion with some coverage, √ = Inclusion with minimum reference; Blank space = No inclusion

Table 2.3 shows, the categorization of instruments and the CSR aspects/issues covered by each of the instruments. It is evident that with the exception of GRI, nearly all other instruments put more emphasis on only some of the CSR aspects. This is indicative of the comprehensiveness of GRI. AA1000s also covers a maximum number of CSR aspects. However, the key factor that gives more importance to Global Compact and GRI over other instruments is that these two are being supported and promoted by the globally accepted and revered platform of the United Nations.

2.3. Theoretical Framework

In this section, Carrolls theoretical frameworks are presented and these are, used as the basis for the analysis of the empirical data collected. The focus is on theoretical framework of theories related to CSR definitions, corporate perspectives of CSR, factors influencing the scope of CSR and the scope of CSR in different regions. Several models are proposed to understand the relationship between the corporate world and society.

2.3.1. CSR Pyramid Theory

The problems regarding CSR are the concepts that are difficult to measure operationalise and evaluate. Therefore different models have arisen in an attempt to depict what is included in CSR. One of the most used and quoted models is Carroll’s Pyramid of Corporate Social Responsibility. Carroll (1991) has proposed a comprehensive definition embracing four kinds of social responsibilities for business: economic, legal, ethical and philanthropic. The CSR literature often refers to Carroll’s definition, when capturing the basics of CSR (Andriof & McIntosh, 2001; Snider, et al., 2003).

The single most valuable theory concerning the content of a firm's social responsibility is Carroll’s pyramid of CSR. The very basic of a firm's responsibility is economic nature (Pinkston and Carroll, 1996), so its primary obligation is to operate at a profit and to “legitimately pursue" growth and to provide society with goods and services at "fair price" (Pinkston and Carroll, 1996). The CSR pyramid is based on four-part perspectives, namely Economic, Legal, Ethical and Philanthropic standpoint. Four-part conceptualization of CSR includes the “idea”, that the corporation has not only economic and legal obligations, but ethical and discretionary responsibility as well” (Carroll, 1991). It is during the recent years that ethical and philanthropic functions have taken a more important role.
The pyramid of CSR is a tool for measuring the level of CSR at the firms based on how they fulfill their responsibilities towards the society. The pyramid of Corporate Social Responsibility according to Korkchi and Rombaut, (2006), based on Carroll (1991) is as below:

Figure - 2.1. : CSR Pyramid Model

![CSR Pyramid Model](image)

Carroll’s CSR Pyramid

Carroll (1991)

**Economic Responsibility**

Economically speaking, all firms have a responsibility to earn a profit, since capitalism and a free market society deem that this is necessary. Businesses were created as economic entities, designed to provide goods and services to societal members (Carroll, 1991). Economic responsibility explained the most fundamental one since all other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become smooth considerations (Carroll, 1991). According to this principle, if a firm is not making profits and is not providing high quality of goods and services to meet consumers’ needs, it cannot be considered socially responsible even when the firm has devoted many efforts in social causes. The economical responsibilities are the foundation upon which all rests and refer to the firms’ responsibilities towards their shareholders. These responsibilities are required by the society (Carroll, 1991).
**Table - 2.4 : Economic Component of Corporate Social Responsibility**

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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<tbody>
<tr>
<td>It is important to perform in a manner consistent with maximizing earnings per shareholder.</td>
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<tr>
<td>It is important to be committed to being as profitable as possible.</td>
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<tr>
<td>It is important to maintain a strong competitive position.</td>
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<tr>
<td>It is important to maintain a high level of operating efficiency.</td>
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</table>

Source: Carroll 1999

**Legal Responsibility**

Businesses are expected to pursue its economic responsibility within the framework of the legal one. At the same time business is expected to comply with the laws and regulation promulgated by federal, state and local governments as the ground rules under which business must operate. (Andrew, et al., 2008). Carroll’s (1979) definition of legal responsibility is that society expects business to follow these rules. Organizations can choose to break the law, but society has little to do or say with how a firm achieves its legal obligations.

**Table - 2.5 : Legal Component of Corporate Social Responsibility**

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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<tbody>
<tr>
<td>It is important to comply with various federal, state and local regulations.</td>
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<tr>
<td>It is important to provide goods and services that at least meet minimal legal requirements.</td>
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<tr>
<td>It is important that a successful firm be defined as one that fulfils its legal obligations is consistently profitable.</td>
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</table>

Source: Carroll 1999

**Ethical Responsibility**

Ethical responsibility is referring to those activities and practices that are expected or prohibited by societal members even if they are not codified into law. Carroll (1979) did not offer much explanation about what the ethical responsibilities of businesses are beyond the general statement above. Those responsibilities are about accepted norms, standards and expectations that reflect a concern for what consumers, employees, shareholders, and the community regards as fair. It is simply about respecting and protecting stockholder’s moral rights.
Ethical responsibility can also been seen as embracing new values and norms which businesses are expected to meet, even if those values and norms may reflect on a standard performance that is higher and that is not currently required by law. Even though ethical responsibility is the next layer in Carroll’s CSR pyramid, it must according to Carroll be “consistently recognized that it is in dynamic interplay with the legal responsibility category”. It is in other words pushing the legal responsibilities to broaden at the same time as expecting businesses to operate at a level above that is required by law.

Table - 2.6 : Ethical Component of Corporate Social Responsibility

| It is important to perform in a manner consistent with expectations of societal mores and ethical norms. |
| It is important to prevent ethical norms from being compromised in order to achieve corporate goals. |
| It is important that good corporate citizenship be defined as doing what is expected morally or ethically. |
| It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations. |

Source: Carroll 1999

Philanthropic responsibility

At the top of the pyramid there are the philanthropic responsibilities of the firm, which responds to the society’s expectation of the firm to be a good citizen. Philanthropic responsibility is refers to corporations acting as a good corporate citizen, by contributing resources to the community and improves quality of life. Philanthropic responsibility is therefore more discretionary on the part of businesses.

In other words, philanthropy is highly desired and prized but actually less important than the other three categories of social responsibility.

Table - 2.7 : Philanthropic Component of Corporate Social Responsibility

| It is important to perform in a manner consistent with the philanthropic and charitable expectations of society |
| It is important that managers and employees participate in voluntary and charitable activities within their local communities |
| It is important to voluntarily assist those projects that enhance a community’s “quality of life” |

Source: Carroll 1999
The pyramid declares the distinct components that together constitute the whole. Even though the responsibilities have been explained and treated separately, they are not mutually exclusive (Carroll, 1991). Carroll’s CSR Pyramid is probably the most well-known model of CSR, with its four levels indicating the relative importance of Economic, Legal, Ethical and Philanthropic responsibilities respectively. From this Perspective, economic and legal responsibilities are socially required (i.e., mandatory), ethical responsibility is socially expected, while philanthropy is socially desired (Windsor, 2001) and each of these responsibilities comprises a basic component of the total social responsibility of a business firm.

**Wayne Visser.** (2005), Revisiting Carroll’s CSR Pyramid an African Perspective Explores the nature of corporate social responsibility (CSR) in an African context, using Carroll’s CSR Pyramid as a framework for descriptive analysis. It was observed that the relative priorities of CSR in Africa are likely to be different from the classic, or not. For the first conception of CSR Pyramid Model, framework, based on the claim that, “the history of business suggests an early emphasis on the economic and then legal aspects and a later concern for the ethical and discretionary aspects” but in Africa, economic responsibilities still get the most emphasis. However, philanthropy is given second highest priority, followed by legal and then ethical responsibilities. Therefore, that the economic contribution of firms in Africa is highly prized, by governments and communities alike. Although philanthropy generally gets an even higher priority as a manifestation of CSR in Africa. This is the case for a number of reasons, such as, the socio-economic needs of the African societies in which firms operate.

In Africa, however, philanthropy goes beyond simple charitable giving. HIV/AIDS is a case in point, where the response by business is essentially philanthropic activities. Legal responsibilities have a lower priority than in developed countries. This does not necessarily mean that firms flaunt the law, but it is far less of a pressure for good conduct. Ethics responsibility seems to have the least influence on the CSR agenda.

This result has sought to explore the nature of CSR in an African context, using Carroll’s CSR pyramid as a framework for descriptive analysis. Most critically, it is suggested that the relative priorities of CSR in Africa are likely to be different from the classic.
2.3.2. Shareholder Theory (Neo Classical Theory)

The neo classical view has been prevalent unit well into the 1990s among partitions (Cragg 2000). However, since its beginning and especially after the series of enormous corporate scandals, the neo classic view has moderate a lot. According to the neo classic point of view, private business exists for delivering products and to society and thus for creating (economic) value and thereby generating profit for its owner. Shareholder theory perspective implies that the fundamental purpose of firms is profitability and creation of economic value for their owners, i.e. the shareholders. This is best done by enforcing strategies that lead to higher share prices and higher dividends (Rappaport, 1986). The manager is in power to maximize these revenues for the shareholder. For this view corporation has no conscience and the mentality that "business is business" but society and welfare is not part of corporation business. Milton Friedman (1970) has a clear idea that firms are responsible to their shareholders and no one else. He write, when asked about CSR, that the corporate executive would be spending someone else’s money for a general social interest. Andriof & McIntosh (2001) partly agree with Friedman’s notion about the purpose of the firm and argue that one of the most important socially responsible things a business can do is to be profitable. By being profitable a businesses can provide sustainable jobs for employees, good returns for shareholders and prosperity for the communities they operate.

According to this perspective, the business pursing profits, meaning they would have to conform to the norm of society and engage in open and free completion without deception and fraud and obeying the basic rules of society, those embodied in the law but also in ethical custom such as honesty and good faith.

The narrow view on CSR, and generally on the role that the corporation and its top executives should play, can be summarized to some basic statement: corporation should be " based on owner rights, not human right"- spending of shareholder money for social goal without their permission would come close to despotism, as fund are "alienated of their initial purpose", namely of multiplying investors capital and finally, the factual control over the corporation need to lie with those owning it, rather than with those running it (Walton, 1999).
Mangers, as the paid employees of shareholders, shall not under any circumstance act as "protectors of public interest" or of society at large. This must remain the responsibility of the state alone, the division of tasks between the private and the public shall not be disturbed (Cragg, 2000). Friedman thinks it highly "undemocratic" if non-elected, “strictly private "individuals and groups shall determine what social interest ought to be, and place such a burden on themselves and on their shareholder (Husted and Allen, 2000). Behind this view that private individual shall not impede public obligations derives from the fear that if private power were extended, the balance with on society might be in danger, and too much exercise of power by corporations would lead to regulation and thereby cause the loss of their present freedom of action(Walton, 1999).

2.3.3. Triple Bottom Line Theory

Also opposing the economic model, Elkington (1998) coined the term “Triple Bottom Line” (TBL) to represent the idea that businesses don’t have the addition of economic value as one single goal, but they also aim at adding environmental and social value, in order to achieve sustainability. Such triple bottom line is formed by the following concepts (Crane and Matten, 2004). The Triple Bottom Line (Triple p) theory is rapidly gaining recognition as a framework for measuring business performance. It refers to anyone who is influenced, either directly or indirectly, by the actions of the firm. The original bottom line is about profit, such that increasing revenues without increasing costs improves the bottom line. Profitability, which is of central concern to shareholders, is one element of the economic dimension, but not all of it (Henriques, Richardson, 2004). Decisions should not be made only on financial reasons but on questions such as community investment, environmental impact, business ethics and human right, in other words the triple bottom line; People, Planet and Profit (John Elkington,1998). Environmental perspectives( planet) is concern the effective management of physical resources so that they are conserved for the future, and suggest a need to address a number of critical business problems, such as the impact of industrialization on biodiversity, the continued use of non-renewable resources such as oil, steel and coal, as well as the production of damaging environmental pollutants.

Economic perspectives( profit) is the concept of economic sustainability comprises the economic performance of the corporation itself, and also the firm’s attitudes towards and impacts upon the economic framework in which it is inserted.
Social Perspectives (people) is comprises the issue of social justice, aiming at developing a more just an equitable world, whether between customers, workers, or man and women. This perspective on sustainability is relatively new and has emerged during the 1990s.

**Figure - 2.2 : Component of triple bottom line according to Korkchi and Rombaut, 2006**

![Venn diagram](source: Elkington, 1998)

2.3.4. **Stakeholder theory**

There are many opinions regarding what role business organizations should play within society and what kind of responsibilities they have regarding to society. Given their influential position and the enormous impact of business organizations in modern society, the purpose they should serve is discussed by theorists in various fields. The stakeholder theory of the firm is probably the most popular and influential theory to emerging the CSR area (Stark, 1994). The stakeholder perspective argues that the interests and values of all parties that hold a stake in the organization should be taken into consideration (De Wit &Meyer, 2002), Carroll (1989) the word `stake´ refers to having “an interest or a share in an undertaking”. While the term 'stakeholder’ was first recorded in the 1960s, the theoretical approach was in the main developed and presented by Freeman (1984) in the 1980s. Several authors (Carroll, 1989; Harrison & St John, 1994; Rhenman, 1967) define stakeholders as individuals or groups who in some way affect or are affected by the organization. Lee
(2006) and Smith (2003) say that most firms understand the importance of managing relations with key stakeholders. Firms that have been successful in this area have done more than simply issuing press releases and responding to enquiries.

We have chosen to adopt Mitroff’s (1983) definition since it gives an exhaustive description of the stakeholder concept. Stakeholder refers to everyone being affected by the firm’s business that is, having something at stake (De Wit, et al., 1998). This model shows a relationship between society and business and firm’s dependency on the society surrounding it. The stakeholder approach is begins by looking at various groups to which the corporation has a responsibility. The main starting point is the claim that corporations are not simply managed in the interests of their shareholders alone but that instead a whole range of groups, or stakeholders, have legitimate interest in the corporation as well. Freeman’s (1984) original definition is perhaps the most widely used: A stakeholder in an organization is any group or individual who can affect, or is affected by, the achievement of the organization's objectives.

This definition makes clear that the range of stakeholders differs from firm to firm, and even for the same firm in different situations, tasks or projects.

Stakeholders are further categorized by, for instance (Clarkson 1995; in Hillman & Keim, 2001), as primary or secondary stakeholders. Primary stakeholders are defined as those stakeholders who bear some form of risk as a result of having invested capital or human or financial value in a firm. Carroll (1989) defines primary stakeholders as having a formal, official or contractual relationship with the firm. De Wit & Meyer (1998) refers to primary stakeholders as the direct participants in the economic value creation process of the firm. All other parties affected by the firm’s activities are categorized as secondary stakeholders (De Wit & Meyer, 1998).

Figure 2.3. the traditional model (Primary stakeholders) of managerial capitalism, where the firm is related to four groups, such as suppliers, employees, customers and shareholders that provide the basic resources for the corporation had to change, to encompass the emergence of environment list, consumer advocates, media, government and global competition.
In Figure 2.3 that shows, the stakeholder view of the firm, the firm has obligations not only to one group but also to a whole variety of other constituencies that are affected by its activities (secondary stakeholders). The corporation is thus situated at the centre of a series of interdependent two-way relationships (Judith, et al., 2006). Stakeholder can be defined as social group that affect or are affected by a firm action (Garriga and Mele, 2004). Stakeholder theory is made balancing the "multiplicity of stakeholder interests", some of which can be compatible while other might oppose each other (Husted and Allen, 2000). Anyway, the idea of "more” or “less important” stakeholder has gained ground, as firm seeks to meet key stakeholders interests or distinguish between stakeholder. The ultimate goal of stakeholder management can be summed up with achieving "maximum overall cooperation between stakeholder group and the objectives of the corporation"(Garriga and Mele, 2004). Stakeholder theory is not one theory, and therefore cannot provide one thing but offers a variety of stakeholder theory.
Adherents of the stakeholder perspective emphasize that a firm’s purpose is to balance the interests and claims of different stakeholders including shareholders, employees, customers, suppliers, society et cetera (De Wit & Meyer, 1998). Fombrun, et al., (2000) uses the stakeholder theory when managing the upside and downside reputational risk of a firm. The upside refers to the different opportunities of the firm and the downside is for constructing a safety net for when reputational risks occur. Applying this model to the firm’s suppliers or partners means that the opportunities could be an enhanced partnership or increased trust, as illustrated in the CSR Cycle. The downside that has to be taken care of could for example be that suppliers are using child labour and that bad reputation will spill over from the supplier to the firm as in several acknowledged cases. (Fombrun, et al., 2000) It is given that firms have limited financial, human, physical and natural resources and it isn’t seen as efficient or effective to deal with all stakeholders equally. The question that regards how individual firms formulate their CSR strategy should reflect an understanding of whether and why greater attention to CSR is warranted by a particular organization (Lee, 2006).
Figure - 2.5 : Another Stakeholder Model

(Modified from Carroll, 1991 and Karlsson, 2006)

**Dima Jamali (2008),** A stakeholder Approach to Corporate Social Responsibility: A Fresh Perspective into Theory and Practice. This study shows stakeholder theory, which seeks to outline participants’ views of what the business organization is doing vis-a-vis its stakeholders, as well as the mechanisms through which different views come into being. 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 questionnaire was send to the firms, with the EPS form enclosed and second stage in- depth face to face interviews with managers.

The hypotheses of this study are as follows:

H1 : Developing country firms prioritize their stakeholders based primarily on instrumental considerations.

H2 : Developing country firms are according systematic attention to a limited range of stakeholders.

H3 : Multinational corporations have a more balanced stakeholder management process, translating into attention to a wider range of stakeholders.
The results show that Lebanese and Syrian firms seem to prioritize their stakeholders based on instrumental considerations as reflected in the higher EPS scores in relation to organizational and economic stakeholders, namely employees, customers and shareholders respectively. Lebanese and Syrian firms seem to be according to systematic attention to a limited number of stakeholders as reflected in the differential higher EPS scores in relation to three core stakeholders namely employees, customers and shareholders respectively. The EPS scores of the subsidiaries of international corporations which have been included in the sample are better than those of their local counterparts.

Our empirical study shows that stakeholder methodology offers clear benefits in way of deriving intuitive insights particularly in the context of fleshing out specific stakeholder issues in the context of familiar language that was easy to grasp and relate to by managers.

2.3.5. Cross-Cultural Theory

In order to operate successfully in an increasingly global business environment, it is important for corporations to gain an understanding of the cultural elements that are characteristic of different countries. Multinational corporations are faced with problems concerning diverse languages, governments, legal systems, socio-economic conditions, value systems and expectations regarding business conduct, which renders business ethics more complex. What is legal and considered normal in one culture might be illegal and unethical in another. Multinational firms are faced with the ethical dilemma of adapting to local customs and practices while adhering to the laws and ethical standards of their home countries. Carroll and Buchholtz, (2003) state that “perhaps one of the greatest challenges that face business operating in foreign countries is achieving some kind of reconciliation and balance in honoring both the cultural and moral standards of their home and host countries”. They further argue that culture has become one of the most critical factors influencing the success of multinational corporations, as differences in cultures, customs, languages, attitude and institutions across countries can create at times overwhelming barriers to success.
While there is no standard definition of culture, it commonly involves a system of meanings that is shared by members of a society and that is transmitted from one generation to the next through learning. Hofstede (1981) defines culture as “the collective programming of the human mind that distinguishes the members of one human group from those of another”. Culture, to Hofstede (1981), is a system of collectively held values. Spencer-Oatey, (2000) expands the definition to not only include what culture is, but also what it does: “Culture is a fuzzy set of attitudes, beliefs, behavioral norms, and basic assumptions and values that are shared by a group of people, and that influence each member’s behavior and his/her interpretations of the ‘meaning’ of other people’s behavior”.

To study the influences of culture on societies, a framework for identifying and categorize cultural patterns is needed. The most famous and widely quoted framework is offered by Hofstede (1980) who conducted what is probably the most comprehensive study of how culture influences value perspectives in the workplace. He developed a model with four dimensions of culture. The four dimensions include power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance. Later a fifth dimension about long-term orientation in life versus short-term orientation was added.

Hofstede’s (1980) dimension of power distance measures the degree to which members of an organization or a culture accept that power is distributed unequally. The people of a country with a high power distance index tend to accept inequalities and are unlikely to question superiors. Individualism versus Collectivism refers to the extent to which people view themselves as part of a group, family or organization. In an individualistic society emphasis is placed on personal achievement and the pursuit of self-interests, whereas members of a collectivistic society are highly integrated and place the best interest of the group first. A masculine culture is one that emphasizes assertiveness and competitiveness, and places high value on wealth and material possessions, while a feminine culture is more nurturing and caring. Uncertainty avoidance reflects the degree to which members of a society are tolerant to uncertainty. Cultures with a high uncertainty avoidance index tend to prefer security in life, written rules and structured circumstances. The fifth and last dimension of culture, long-term versus short-term orientation, was added later to distinguish the difference in thinking between the East and West. This dimension describes the importance a culture places on the future versus the past and present.
Hofstede’s research concludes that there is no management method or management theory that can be applied universally across the globe. Parnell and Hatem (1999) similarly advise that management models valid in one cultural context may not be valid in another.

Teresa, (2006), made a theoretical and empirical study on Corporate Social Responsibility (CSR) in the hotel industry: A cross cultural perspective.

This study determines the impact of culture and local context on CSR performance, through examining the differences in terms of CSR that exist across these regions in an effort and explore elements of CSR at hotel located in different countries. This study evaluates and compares CSR performance levels across hotel groups located in culturally and geographically diverse regions. The data on six indicates of CSR were collected from hotels in Sweden, Norway, Denmark, Iceland, the UK, China, Saudi Arabia, Oman, Egypt, Bahrain and United Arab Emirates. The data for this study were obtained mainly through email contact.

The methodology that used in this research was cross-cultural studies of CSR, that emphasized in different cultures may influence the expectation that society has on corporation as well as the role of corporation assume in that society.

The finding shows for waste production some of them produce waste well above the bench mark level. Although water consumption in the Middle East might be expected to be a little bit higher due to hotter and dryer climate, level in UEA and Saudi Arabia exceed benchmark. Also finding shows that the number of females in white-collar employment as a percentage of total white-collar workers in the Middle East countries is the lowest percentage for Saudi Arabia and at least (50%) women employment in white-collar for Scandinavia.

Data on expenditure on training as a percentage of total labor cost proved to be the most difficult to collect because there is no specific training budget and that it was impossible to outline the costs just to training. Just the hotel in Egypt presented the highest expenditure on training as a percentage of total labor cost. Trade union membership among hotel worker is fairly prevalent in Norway, Iceland, and China, but completely absent in the Middle East and the UK.
The cross-culture studies, political system affects aspect of CSR. The countries with a social democratic tradition tend to have more polices in the area of Corporate Social Responsibility

2.4 Literature Survey
2.4.1. CSR and Orientation

Brian, Hegarty, (1999), made an empirical study in some determinants of student Corporate Social Responsibility Orientation.

This study examines the effect of gender, Machiavellian orientation, and socially desirable reporting on the respondent’s orientation toward CSR. A sample of 219 undergraduate students from a Midwestern university exhibited differences in orientation across gender and degree of Machiavellian orientation.

The hypotheses of this study are as follows:
H1 : Females will have higher level of CSRO than males.
H2 : Level of CSRO reported by respondent will decrease as the Machiavellian orientation of the respondent increases.
H3 : Level of CSR orientation reported by respondents will increase as the level of socially desirable reporting by respondent increases.

The first hypothesis was analysis with T test. The result shows that females saw economic responsibilities as relatively less important and noneconomic responsibilities as relatively more important as did males. For the second hypothesis, the relative importance of economic responsibilities rose with increasing level of Machiavellians, whereas the relative importance of noneconomic responsibilities declined with increasing level of Machiavellianism. For the third hypothesis, respondents show a high level of impression management behavior, gave relatively more importance to noneconomic responsibility and relatively less importance to economic responsibilities.

The result shows that, ethical attitudes and behavior, gender may be an important factor in CSRO and should be included as a variable in future research and personality traits may also play an important role in determine CSRO.

This Study examines the influence of market orientation, government regulation and ownership structure on a firm’s level of Corporate Social Responsibility (CSR). The hypotheses of this study are as follows:

H1 : The higher degree of government regulation pertaining to product quality and consumer protection is perceived by managers in a firm, the higher degree of CSR a firm will display.

H2 : There will be significant difference in the degree CSR among firms with different ownership structures.

H3 : More market – oriented a firm is, the higher degree of CSR will display.

The sample of this study consists of 600 hotels drawn randomly out of 1935 hotels. The study reviewed that the manager’s perception of the adequacy and effectiveness of the government regulation has a direct impact on level of CSR and hence demonstrating the positive role a government could play in fostering a CSR.

The study suggested that market oriented firms in China also realize the importance of responding to the demand and expectation of their stakeholder by developing a higher level of CSR. Contrary to the hypothesis, corporate ownership did not seem to have a significant importance on a firm s level of CSR. This result showed that the development of a CSR is an outcome of both market forces and government action. It was also observed that small firms developed fewer program. The highest percentage of programs was found in firms with 100-500 employees and these Medium sized firms are mostly established in the metropolitan regions.

Firms have become more participative and increasingly aware of the fact that these programs not only help foster better citizenship, but also minimize social differences and social exclusion, leading to positive outcomes for stakeholder such as more solitary, human begins and employees, wellbeing and tranquility for the employee and his family employees confidence and pride in the firm.
Chaudhry & Krishnan, (2007), made a theoretical and empirical study: Impact of Corporate Social Responsibility and Transformational Leadership on Brand community; An Experimental study

This study examined the impact of CSR and transformational leadership on brand communities. The hypotheses of this study are as follow:

H1: Transformational leadership enhance brand community
H2: Corporate social responsibility enhances brand community.

The data for this study were collected from a leading management institute for 118 first year MBA student in India. This study used two questionnaire for manipulated variables, one of them was 20 item multifactor leadership questionnaires that use 5 point likert scale and second questionnaires consisted of the four dimensions of corporate social responsibility namely economic, legal, ethical and dictionary, measured using a 14 item forced choice format the respondent were ask to distribute 10 points amongst the 3 or 4 choices. The respondents were divided into four groups or cells.

This used a 2x2 level of transformational leadership (high, low) x level of corporate social responsibility (low, high) using a 2x2 factor Analysis of Variances (ANOVA) in this study for brand community comprising six dimensions such as shared culture, moral responsibility, rituals and traditions, product, brand and firm responses were measured along a 5 point likert scale a reliability test was conducted for all three instrument used in the experiment.

Results of this study are as follow: Brand community was significantly higher in the high transformational leadership cells as compared to the low transformational leadership cells. Thus providing support for first hypothesis. For brand community except the shared culture dimension, was significantly higher in the high corporate social responsibility cell as compared to the low corporate social responsibility cell a providing support for own second hypothesis, finding CSR program to enhance the image of the on various aspect of long-term importance.
2.4.2. CSR and Development

Jonung, Malhotra, (2007), made a theoretical and empirical study attitude toward sustainable development and corporate social responsibility among future, Business leaders in Bangalore, India. The main purpose of this study is to investigate the attitudes toward CSR among India’s future business, leader and implicit of the results are discussed from a multinational corporation (MNC’s) perspective.

To analyze the problem several models have been applied. A common model for understanding CSR behavior among firms, is Triple Bottom Line, and a Loubst Theoretical Model for survey methodology, Theory of Reasoned Action, together with empirical material are used to develop a survey, which target stop student in Bangalore. Main hypotheses of this study are as follows.

H1 : There is a general belief that sustainability is a problem.
H2 : There is a belief that firm can improve sustainability issue.
H3 : There is a positive attitude toward CSR.
H4 : International firm hold a wider responsibility than local firm.
H5 : Firm should be forced by law to pay special attention to the impact of it is business on sustainability.

The sample chosen for this study is a younger version of the respondent in the survey conducted by IIMB in 2001. The methodology that used in this research was on the base of web questionnaire and internet interview. The findings of research are as follows:

According to the main hypothesis, general beliefs, about sustainable development are as expected positive and the mean was significantly higher than the result on the general beliefs on the importance of firm’s involvement in these issues. Followed a similar pattern, with strong beliefs, that firm can help to improve suitability issue.

For third hypothesis that accepted, it means attitudes toward CSR are not different between men and women. For forth hypothesis, less than half of the population have a positive, attitude that toward international firm having a responsibility to do more CSR–Work than local firms. For fifth hypothesis that more than half of the population has positive attitude toward legislation as a driving force behind CSR. This study suggests that for future research is to investigate to large sample and for future survey pay attention to salary, flexible hours, and other benefits.
In their study on "Corporate Social Responsibility: Profit and Diagnose Of 797 Program Developments in Brazil" by Karia et al, (2007), an attempt was made to diagnose firms in Brazil involved with SR program and to offer some insight into the way corporate discourse and concrete action interact. It also intended to differentiate paternalistic program from program promoting genuine social change.

The study shows that most firms act simultaneously in several area, with only (17.91%) investing in only one of these areas. The several areas like, environment, education, health, culture, sports and leisure, technology, economy, social and safety. It found, education was the outstanding area selected by the firms and often combined with environmental by the firms, and often combined with environmental and or culture issues. And also most of firms understand, they are more social responsible, where, government is unable to meet the community’s need.

2.4.3. CSR and SMEs (Small and Medium Enterprises)

Lorraine Sweeney, (2007), Corporate Social Responsibility in Ireland: barriers and opportunities experienced by SMEs when undertaking CSR

This study provides deep understanding of the nature of CSR in Ireland and illustrates the difference between large firms and SMEs operating in Ireland. This study used qualitative strategy of investigation based on semi-structured face to face interview and select 13 interviews were conducted with firms operating in Ireland. Main hypotheses of this study are as follows:

H1 : To gain an understanding of how CSR is defined by Irish firm.
H2 : To gain insights in to the management of CSR in large and small firm operating in Ireland.
H3 : To gain insights in to the type of CSR activities undertaken by large firm and SMEs operating in Ireland.
H4 : To assess the barriers and opportunities experienced by SMEs.

The result found a variety of definition of CSR and there was no universally accepted definition in SMEs tended to describe CSR quite vaguely as conducting business in a responsible manner large firm described CSR as a responsibility to a broader group of stakeholder including customer, employees, environment and community. The management CSR in large firms was more formal and structured than in SMEs.
CSR activity positively correlated with firm size, large firms have a wider range of CSR activities than SMEs. Large firms describe their CSR activities by four main stakeholders. The barriers of SME is wide range compare to large firm, this barriers include human, time limited and resource constraints.


The study examined the impact of CSR on the small and medium sized enterprise (SME) sector has led to an emphasis on the social and environmental impact of SMES. This study is based on qualitative data derived from semi-structural interviews with ten Malaysian SMES. The finding shows that most of the firms that they were not received any benefits for practicing CSR activities; some of the firms also mentioned the effect of religion on their CSR tendency.

Finally, Malaysian SMEs are practicing CSR because of their own beliefs and values, religious thoughts, and pressure and encouragement from stakeholder.


The goal of this article is to investigate whether differences exist between formal and informal CSR strategies and through which firm manages relations with and the claims of their stakeholder. Formal CSR strategies seem to characterize large firms while informal CSR strategies prevail among micro, small and medium sized enterprises. The sample of this study is 3626 firms of all size a good representation of the Italian whole business model. Question were posted to top manager in each firm and for this study, factor analysis was used to identify group of CSR strategies.

CSR strategies carried out by micro firms reveal a different managerial approach, reflected by their very low degree of formalization because employ of these firm fewer than 10 employees but these firms are a large part of all firms. Therefore, micro firm approach to CSR differs from that of the other categories of firm.
For small firms commonly describe a form of business that is not separated from the life of the owner-manager. These firms have high degree of involvement with employees at different level within the organization and manage specific tools and activities and create value for employee but small firm and medium sized firm differ in their capacity to extend their CSR–related behaviors along the supply chain, medium sized by small firms and supplying large firm or selling directly to the market and large firm CSR strategies are not significantly different from those of SMEs. The result shows that differences exist between all types of firms.

2.4.4. CSR and Public Relation


This study explored the perception of CSR among a sample of corporate executive and the CSR practices of a sample corporation in Singapore, and a framework to evaluate how different stakeholder can help promote CSR in Singapore.

This study used a self-administered web questionnaire to collect data from the senior executive most likely to be involved with the CSR activities of the 74 corporation in our sample. The questionnaire consisted of three sections of 18 questions, second stage in-depth face to face interviews with 19 corporate executives to seek insights on their CSR practices. Main hypotheses of this study are mentioned bellow:

H1: What are the current perceptions of CSR among a sample of corporate executives in Singapore?
H2: What activities do the sample of corporations conduct in the name of CSR?
H3: Which stakeholder do these corporations perceive to be important?
H4: What resources are allocated for their CSR program?

Results of this study are as follows: The first research sought to know the perception about CSR among the sample of corporate executives in Singapore, that found the awareness level was high (69%) which might be attributed to the recent increase in media coverage as well as the launch of several initiatives to promote CSR in Singapore. All of which occurred and two stakeholders were customer and employees and the main communication when we were conducting this study.
For answer of second question, the type of CSR activities conducted was closely linked with the nature of the corporation, size and industry of the corporation too, were considered to be important determinants of the type of CSR activities were charitable donation (76%) employee welfare & training programs (74%) and community projects (69%). For answer of forth question, the result suggested that the corporation allocated a budget specifically for CSR activities that based on situational factors such as profit margins and scale of activities.

**Heath, R. L, Ryan, M, (1989),** Public relations role in defining corporate social responsibility.

This study asked public relations practitioners about codes of responsibility within their corporations. They found that most of the organizations had codes, some unwritten, and practitioners were only sometimes involved in determining these codes. The survey questioned public relations practitioners at 300 corporations, and out of the 82 completed surveys, 24 different titles for the practitioner position emerged. A self-reported problem with this study is that the researchers assume that having a code of behavior implies these firms are more socially responsible than those who do not. Overall, Heath and Ryan’s study reveals that 1) many different positions may be responsible for codes of conduct, and 2) while some practitioners may be involved in developing codes of behavior, there is not a direct link to show that these practitioners influence CSR as an end product


This study emphasizes to analyze the concept of Corporate Social Responsibility and to identify the main driving forces of CSR development in the public sector, and the main barriers to this way. The questionnaire was prepared for the survey based on the main assumption about the role of the public sector in promoting CSR and revealing the mandating, facilitating, partnering and endorsing role of local governments in CSR development in Lithuania. Also questionnaire related to the main barriers of CSR development and measurements to overcome these barriers were incorporated in this study.
The finding shows the Lithuania local bodies play a minor role in partnering, mandating, facilitating and endorsing CSR in the country and the main barrier for CSR in the country is the lack of information and knowledge, lack of financial resources, human capacities and resources that to be active leaders in promoting the idea of CSR in society.

2.4.5. CSR and Poverty Reduction

Rhys Jenkins, (2005), made an Empirical study Globalization, Corporate Social Responsibility and Poverty

This study describes the factors that have led to the recent emphasis on CSR by the official development agencies and question whether CSR can in fact play the significant role in poverty reduction in developing countries or not? CSR can affected poverty through the channels that addressing from Alan winter. He identifies three channels includes the enterprise channel, distribution channel and the government revenue. one of the main ways in which business can help reduce poverty is through job creation and CSR will contribute to the creation of more employment for poor people or help reduce poverty in other ways such as raising wages or providing greater stability of income and requirement to pay the legal minimum wage or living wage for which are below the poverty line and equal pay for women and men.

The impact of CSR on poverty through the distribution channel is operating through the price and availability of goods consumed by the poor. Such as soft drinks and food stuffs. The impact of CSR on poverty through the government revenue is through discouraging the bribery of public officials by firms. Then, CSR as currently practiced to play a significant role in reducing poverty in developing countries.

Corporations have an important role to alleviating poverty in developing countries. There are different perspective that makes poverty as complex social, political, and economical concept. Hence, business for reduce poverty through CSR should make new investment in factories and facilities and create new jobs with legal minimum wage and make income for giving better life for poor people.
2.4.6. CSR and IT

Hershey, Linada, (2009), made an Empirical study on the Role of Information Technology in Corporate Social Responsibility. This study determines that, IT can be used to different dimensions such as, enhance the workplace, create adaptations for disabled employees, create educational opportunities, improve business ethics and in general, help society. IT applications are as follow:

*Using IT to enhance employee satisfaction:* A learning firm is an organization that facilities the learning of all its members and continually transform itself. These organizations is continuous and collective learning, knowledge sharing and collaboration, the purpose of this network was to make easier for employees to communicate with each other to improve knowledge and help to reduce the time employees were spend that means improve the work place. *Using IT to help the local community:* A firm that is socially responsible, will hire employees from the local community in which it conducts business and if the local community thrives as well as the school there, it can only benefit all of the business that are based there. *Using IT to improve customer satisfaction:* Marketer strives to satisfy customers with quantity product while building a long lasting mutually beneficial, trusting relationship with them. Internet is one of the important tools of relationship marketing and customers have somewhere to go to complain.

IT can make it easy for the disabled employees to telecommute work from home. There are all kinds of software that make it very easy for employees working from home to communicate and collaborate, for this way. Technology can be used to increase profits but it own also be use to enhance the work place, create adaption for disabled employees, create education improve ethics and improve the world and IT professionals of today to make change on society.


The internet has become one of the main tool for CSR information disclosure, allowing firms to publish more information, less expensively and faster than ever before. Internet allows the firm to publicize detailed up to data information.
Moreover, the information remains permanently available on the web. The investigation included data collection and content analysis of corporate website from a list of 127 largest corporations to some country. The result reviewed CSR information disclosure on the web is related to country of origin.

2.4.7. CSR and Region

Raman, (2006), made a theoretical study, Corporate Social Responsibility in India. The role of business in society has become more important science last two decades. From the exhortation that there are no social obligations for business to the understanding that being socially responsible is critical and Corporate Social Responsibility (CSR) has come a long way.

Corporate Social Reporting has been one of the features that have received extensive attention from scholars. However, most of these studies are embedded in the economic and organizational contexts of Europe and the United States of America, and hardly a few studies have looked at CSR or social reporting in developing countries like India.

This study aims to address this gap by conducting an exploratory study on how top management perceives and reports CSR. This study took at the Chairman’s manage section in the annual reports of the top 50 firms in India to identify the extent and nature of social reporting. CSR has been defined as the process of communicating the social and environmental effect of organization, economic actions to particular interest groups within society and to society at large. The methodologies of social reporting in the last 30 years have been classified based on whether the reports talk about inputs and outputs and also the number of indicators used for identify social disclosure. Such as, community involvement, human resources, physical resources, environment contribution, product and services contribution. To analyze the extent of socially responsible practices of Indian organization. Annual reports of the top 50 organization were analyzed. Using the technique of content analysis, the annual report and more particularly the chairman message or letter to the shareholder, were obtained from firm’s home pages and some electronic database capitalize that has been take from 40 firms out of 50 from 12 industries. The results of this study are as follows: 95 percent of the sample made at least a mention of practices related to social
responsibility. 80 percent of the sample size made a disclosure related to product/services improvement and 75 percent of the firms had some mention about human resources, environment protection and energy conservation. Measures appear to be the least popular for theme. With these observations in 12 industries, all the software firms mentioned their involvement in community building activities and mere those 6 percent of the banks disclosed the same.

Diana, Nigel, (1996), made an Empirical study Expressions of Corporate Social Responsibility in UK Firms.

This study examines corporate publication of U.K Firms to investigate the nature of corporate social responsibility disclosure and also these results suggest a hierarchical model of disclosure.

H1 : What extent is firm issuing general statement about CSR versus making specific commitment to social responsibility initiative?

H2 : Do corporate statements about social responsibility tend to resemble one another or are they firm – or industry – specific?

H3 : Which stakeholder receives the greatest attention from corporation?

A mail survey was sent to a sample of 1000 of firms identified from a public database and selected according to their size and industry characteristics and 299 completed survey forms were received. The corporate documents sent to us reveal a hierarchy of 3 levels of social responsibility disclosure, corporate rhetoric, specific endeavors, and implementation and monitoring internal and external communication about social responsibility issues.

Our results suggest that CSR disclosure can be categorized hierarchically. The first level in hierarchism is corporate recognition of the value of social responsibility. Second level (specific endeavor), consist of CSR initiative specifically tied to the firm and its operating environment and third level in the hierarchy is implementation and monitoring of social responsibility program. Conforming to these 3 hierarchical levels, we found industry differences in emphasis on corporate social responsibility toward various stakeholders. Four stakeholder accounts for the large majority of emphasis on CSR, these four are employees, consumers, the community and the environment. The findings of research show that .More variability in the treatment of
social responsibility in internal corporate communications than in external communications, Industry differences in emphasis on stakeholder group and greater predominance of corporate rhetoric than delineation of specific action plans.

**Par dimitar, et al., (2008)**, made a empirical study on The Corporate Social Responsibility in Bulgaria

The objective of this study is to present CSR in the Bulgaria economic, Social and legal content and convey the fact that Bulgaria is only just starting to apprehend and implement the concept of CSR today. The survey regarding the understanding and practices of corporate social responsibilities in Bulgaria aimed at understanding what the attitudes towards CSR among large and medium firms and among global compact member firms.

Trade unions and employer association are most motivated to help for introducing the CSR principle in Bulgaria and proof that the annual CSR conference–national competition for social responsible enterprises. The general conclusion is that, in Bulgaria the necessary prerequisites for implementing the CSR concept into the business strategies of the firms is exist.

**Narwal, Sharma, (2008)**, studied the Perceptions of Corporate Social Responsibility in India empirically.

With the liberalization of economy, the corporate sector is making an increased effect on the rapidly transforming Indian society. The objective of the study was to find out the perception of the Indian society toward corporate social responsibility. Sample respondents were from Northern India. Controlling the sample for sex, age, income, occupation and education. Variables were put in the form of 16 statements and the respondents were asked to record their opinion on a 5-point Likert-type interval scale.

The findings reveal that in a market-led economy, society took skeptic view of CSR activities and expects a responsible and ethical behavior from the corporations. The process of further integration of the society and business is required and the business has to reinforce the positive momentum to strengthen the confidence in the society.

CSR issues are attracting a great deal of attention in the developed world. But there is a need for more research into CSR in the developing world. This paper considers the CSR practices of a small sample (17 firms) of multinational corporations (MNCs) and local firms in Bangladesh to better understand this situation. The aim of this study applies this conceptual framework to present a case study of the major issues affecting CSR practices in Bangladesh. Combining Caroll’s (1979) framework with Quazi and O’Brien’s (2000) model for corporate social responsibility provides a useful mechanism for investigating CSR in Bangladesh.

CSR actions in Bangladesh have risen significantly in importance as noted from the findings of our study. It is believed that the interest in CSR initiatives in Bangladesh has been fuelled largely by MNCs. As countries like Bangladesh are increasingly exposed to global standards, it is anticipated that the growth of CSR will continue.

While the phenomenon of philanthropy has been a necessary part of Bangladeshi business culture for centuries, it seems that an emphasis on charitable contributions from CSR programs has enhanced the visibility of this practice. These conclusions point to the fact that Bangladeshi businesses are gradually moving from the strong economic and legal realm of CSR to the ethical and discretionary aspects highlighted within the conceptual framework used in this study.

Kenneth and Amaeshi, (2006), Corporate Social Responsibility (CSR) in Nigeria: western mimicry or indigenous practices.

This study is drawing empirical evidence from indigenous firms. This study explores the meaning and practice of CSR in Nigeria. Nigeria makes an interesting case to explore the meaning and practice of CSR for many reasons. Data were collected through structured interviews (face-to-face, telephone and e-mails) for this study identified by the interviewees as the top five main drivers of CSR in Nigeria. The sample of this study, was selected in some, Nigerian firms (in banking and oil/gas sectors)
In summary, the results/analyses show that the understanding and practice of CSR in Nigeria that still largely philanthropic and altruistic. And most people think that CSR is one of the many ways firms can plough back a portion of their profit to their immediate environment. Economic responsibility is the first stage of CSR development while philanthropic responsibility is the last stage of CSR maturity. In the case of Nigeria, philanthropic responsibilities were emphasized over and above other aspects of Carroll’s model (i.e. economic, legal, and ethical responsibilities).


This study examined the CSR policy in countries in Europe, North America and Asia based on some elements. An e-mail survey was sent to a sample of twelve countries were chosen with a sample of 20 firms in each.

Welford (2005) noted that within North America, Canadian firms tended to engage more in CSR activities, followed by firms in the U.S. and Mexico. Maignan and Ralston (2002), found that firms in different countries differed in the managerial practices and stakeholder issues that were emphasized, as well as in the level they reported CSR activities on their web sites. Firms in the UK and the US tended to discuss CSR principles more than firms from other countries.

In contrast, firms from the U.S. generally emphasized giving resources to the community with philanthropic programs and volunteerism. Welford (2004, 2005) show that there is more CSR activity in Northern than in Southern Europe, and the most philanthropic firms were found in Norway.

**Coldwell, (2000),** Theoretical and empirical study on the perceptions and expectation of Corporate Social Responsibility.

This study focuses on the issue of differences in individual perceptions and expectation of Corporate Social Performance (CSP) and there is evidence to support possible causal relationships between CSP, Corporate Reputation (CR) and Financial Performance (CFP).
This study used a five point Liker-type scale ranging from “strongly agree” to “strongly disagree” and other data item in the questionnaire included: age, gender, ethical group and home language. The evidence clearly suggests that the perception/expectation of CSP gap is not one consisting purely of two parallel lines but where intersection is possible.

In the different situation CSP can effected to CR and CFP for example, if CSP is a positive effect on CSR therefore to enhance the CSP, if through its perceived superior social performance it attracts a larger clientele and it motives its existing clientele to invest in or purchase more from the firm concerned. In short, a negative reaction to gaps between perception and exception of CSP would seem to be a relatively likely outcome and one that the circumstantial evidence suggests may be more rapid and direct on CR and CFP. In other words, the causal interval between negative gap perceptions may be shorter and easier to demonstrate empirically than positive CSP perception and their effect on CR and CFP.

A number of studies have addressed differences in CSR between countries, most focusing on the situation within some countries in the world. Those notable exceptions have explored differences between countries in Europe, Asia, North America and other regions.

At the firm level, there are several factors influencing CSR practices such as internal conditions, strategic attributes and contingency attributes and stakeholder pressure (Henriques and Sadorsky, 1996; Etzion, 2007). For example, firm size has been found to be an important influence on corporate environmental (Brammer and Millington, 2002) and community (McElroy and Siegfried, 1985).

2.4.8. CSR and Buying Behavior

Lois, et al., (2001), Do Consumers Expect Firms to be Socially Responsible: The Impact of Corporate Social Responsibility on Buying Behavior.

The research is based on forty-eight (48) in-depth personal interviews, with the people in the street, in a major metropolitan area, which have been selected randomly. The researcher began each topic with general question and then became more specific. The researchers followed the bellow producers for the analysis:
First, they selected five variables (on the bases of questions and coded each one for every interviewee. Second, they examined each case to determine why each participant does or does not use CSR as a consideration when purchasing. Finally, the researchers read all the transcripts together to identify common themes. Based on the variable analysis the researcher concluded that most of the respondents are positive toward business in general and toward socially responsible firms.

The Relationship among CSR Practices, Corporate Identity and Purchase Intention were Evaluated by Parlous and Susan, (2005). It has been examined by Dual-Process model. This model include of two components:

One component of this model includes of typical CSR initiatives identified as, a) moral, ethical practices, b) relational practices, c) discretionary practices, d) familiarity practices and another component of this model is restricted to “corporate expertise dimension” and “corporate value dimension”.

The dual-process model predicts that CSR practices are likely to have an impact on both dimension of corporate identity, which in turn could influence purchase intention. The methodology that used in this research was on the bases of questionnaire which was developed and posted online to the 179 under graduate student enrolled in Midwestern American University. The findings of research are as follow:

Moral practices of corporation emerged as a significant predictor of corporate social values. The impact of moral practices was significant for each of the four firms. Discretionary practices also had a strong effect on perception of corporate social value and discretionary practices were not significant for Nike.

The relational aspect of CSR practices were not significant predictors of corporate social value and familiarity with CSR practices was a significant, predictor of CSR value for two (Wendy’s and Philip Morris) of the four corporation. In each case, either corporate expertise or corporate social values was related to purchase intention, for 3 of 4 corporations, corporate expertise had a significant link to purchase intention.
The finding familiarity and familiarity with CSR behaviors also had a significant effect on purchase intention and the link between familiarity and corporate identity were significant for Nike. This study suggested that promotional efforts to increase positive perceptions of corporate expertise and corporate social values might boost consumers’ purchase intentions. As for which responsibility initiatives are most effective, the ratings of relative importance suggest that the relational and moral/ethical practices of the corporation may be more beneficial in increasing positive perceptions of corporate identity than discretionary practices.


This study used two-away, first ANOVA method to test whether there was interaction between the respondent gender and study phase that found no statistically significant interaction between these factors. There were statically significant differences between gender also in their responses on the importance of excellent customer service, competitive compensation and stability as an employer, all these issues were seen as more important by women than by men.

Second one t-test to see whether student in an early and late phase in their studies weighted the characteristic of a well-run firm differently. A statistically significant difference was found in one characteristic student in their early study phase were also more inclined to speak up about their objection than those in a late study phase.

Panwar, et al., (2010), A demographic examination of societal views regarding corporate social responsibility in the US forest products industry

Investigate differences among adult citizens of Washington, Oregon, Idaho, and Montana focused on the demographic factors gender, education level, place of residence, and age. They find convincing evidence that females consider industry’s performance significantly lower than males both for social issues and environmental issues. There is marginal support for the difference between males and females with regard to their expectations of industry’s performance on social issues, but the difference is significant in the case of environmental issues. Among different
education categories, the major finding is that the respondents with only a high school degree perceive industry’s current performance higher and have a relatively lower expectation.

The issues used in this research are not considered exhaustive or fully representative of all the issues constituting CSR in the US forest products sector. Also, the results of this study should not be generalized to other regions since the research is just conducted in four of the US northwest states.

**Chamhuri Tareq, (2009), An Analysis of Islamic CSR concept and the opinions of Malaysian managers.**

This study examined the relationship between the concepts of Islam with the Malaysian manager’s opinion regarding corporate social responsibility (CSR). This study used an open and close-ended questionnaire. These questionnaires were distributed to 50 listed organization in Malaysia, including multinational, government link, non-government link and SME firms.

The responses were summaries in to strongly agree, agree, no comment, disagree and strongly disagree and compared with the Islamic parameters (Farz-wajib, Sunna-Nafal, Makru, Sagira Guna and Kabira Guna) and uses SPSS for analyze the data. The finding of research are as follow: Most of the MNC government and non-government firms have a CSR policy whereas only 26 percent of SMEs have a CSR policy that means, most of the SMEs are facing financial problem and need support from the government to start CSR practices in their organization.

More than 67 percent of manager strongly agree or agree that there is no discrimination in their organization. More than 80 percent of manager agrees that they have suitable arrangement for health, safety and welfare of employees. Almost 73 percent of manager agree and strongly agree for reduce environment impact. The research concludes that Islam encourages responsible behavior to the society, environment and economy.

This study mainly focuses on the CSR objectives of TVS firm and its capacity to identify social issues, social relevance of the issues addressed and the implementation strategy.

Primary data was collected from the beneficiaries located in Sindurally, Dodadahally, Byathahally, Chikkakanya and Doddakanya village of Sindhuvally Grama Panchayath Mysore taluk and local Panchayat member and secondary data was collected from the records of TVS Firm. It can be observed that promotion of human development and protection of environment are the major issues addressed by these firms through CSR institutes.

This study explain different area that TVS do CSR activities like Agriculture’s awareness programs for farmers and some activities for optimize amount of product such as soil testing.

**Saboji, and Indira, (2010),** An Analysis of Corporate Social Responsibility of Indian Firms.

The globalization of the world economy and the related trade liberalization affected on the rapidly transforming Indian society. Corporate social Responsibility (CSR) refers to the relationship between business and society and corporation acting in the economy. The purpose of this study is to evaluate the CSR in India. Therefore Infosys Technologies Ltd has been selected. Art and culture, Education, Healthcare and Rural upliftment initiatives have been chosen to identify its CSR performance.

For measured the status of CSR in India is the study conducted by Karmayog (2008). Based on the CSR activities the necessary and, sufficient conditions were fixed for a company to reach different levels. Then explain of CSR initiatives in Infosys firms.

**Saboji, and Indira, (2011),** The Relationship Between Corporate Social Responsibility and Sustainable Development.
This study tried to understand the contribution of CSR to different dimensions of Sustainable Development (SD). The present study makes an attempt to understand the relationship between the CSR and SD in environment and social dimensions, while understanding this, the study also looks into differences in the behavior of the small and large firm in their contribution to SD through to CSR. The model identified the relationship, between CSR practices and SD which confirm the important of CSR activities (environment and social activities in our study), in order to improve sustainable development. Our result shows a successful environmental and social activities implementation can improve the level of CSR in different sized firm. Most of firms have plan to saving environment with preserve water and electricity and reduction water and use renewable resources and recycle material, changing the technology used to create the goal and services that constitute the world wealth and the levels of water and air pollution. Which itself yield greater sustainable development higher environment and social activities is also attribute to better sustainable development resulting from the achieving of better CSR level over the firm’s performance.