REVIEW OF LITERATURE
CHAPTER 2
REVIEW OF LITERATURE

INTRODUCTION

India is widely regarded as a country in which Corporate Social Responsibility has long played an important role. CSR is a commitment by firms mainly the Small and Medium Scale Enterprises to contribute to sustainable economic development by improving the lives of the community and environment they work within.

In this chapter the researcher describes the different ways in which CSR is defined, the evolution of CSR globally and in India in particular. An attempt has been made to study the overview of CSR both internationally and nationally, the phases of development of CSR and its business benefits to India and to the world.

The CSR models being developed by various research scholars is also been explained.

CSR is clearly affecting Small and Medium Scale Enterprises in developing countries and attention is drawn to the interaction between CSR and SMEs in this chapter.
For the purpose of review, the literature has been classified into six sections namely:

2.1 Section A: Introduction and evolution of CSR
2.2 Section B: Definition of CSR and phases of CSR development in India
2.3 Section C: Overview of CSR
   i) 2.3.1 International Studies
   ii) 2.3.2 National Studies
2.4 Section D: Models of CSR
2.5 Section E: Business benefits of CSR
2.6 Section F: Importance of CSR to SMEs.
2.1 SECTION A: INTRODUCTION TO CSR  
(International overview CSR in the Textile Industry)

Corporate Social Responsibility (CSR) is a worldwide-accepted development on how companies can manage their business processes to produce an overall positive impact on society and environment. CSR represents care for social and environmental issues with a profitable business perspective: the so-called ‘People – Planet – Profit’ philosophy as shown in Figure 2.1.

![Figure 2.1: People – Planet – Profit Philosophy](image)

**EVOLUTION CSR**

The concept of CSR was also globally driven in the 1960s as a result of the growing sophistication of consumers. It must be pointed out that consumers still continue to play a significant role in the growth of CSR since consumers and pressure groups, especially in Europe and North America and also increasingly in developing countries are demanding more responsibility
from companies. The advance of technology has empowered these groups to effectively pressure companies (especially those with high-profile brands) and hold them accountable for their behaviour or actions. The growth of CSR continued due to the environmental movement in the 1970s and the growing concerns about the social impacts of business in the 1990s, which stemmed from the boom of corporate takeovers during the 1980s.

Nevertheless, the impact of globalization had a direct influence on the prominence of CSR. Globalization is characterized by rapid economic integration across national borders, open access to markets, deregulation of cross-border economic activity and the free flow of capital and advanced technology. Globalization has resulted in the expansion of international trade and foreign investment and in short-term capital flow following integration of financial markets. Globalization promises advanced economic welfare worldwide and increased economic opportunity and technology for developing countries. Globalization therefore raises questions on issues about the use of labour, concerns for environmental protection, the need to reduce poverty and the need for sustainable development. Dealing with these issues is a function of CSR.

Sanjay K. Agarwal (2006), The concept of social responsibility among business men, particularly in India is not new and can be easily seen in the form of magnificent temples, high mosques, large dharmashalas and great educational institutions. Many Indian business are known for staying one step
ahead of the government as far as the welfare of employees and societies is concerned.

Over years, the nature of the involvement of business houses with social causes has undergone a change. It has moved away from charity and dependence to empowerment and partnership. In today’s well informed world, strength is not a blanket license to mint money and business has to be sensitive to the expectation of both society and regulations.

**DEFINITION OF CSR**

CSR is good for business and has also aided its development. While the primary role of corporate executives is to maximize shareholder value, the global marketplace, where reputations matter deeply, dictates that shareholder value increasingly depends on corporate values. Business leaders understand that practicing corporate responsibility affects their corporate reputation and brand image. Managers are becoming more and more aware that socially responsible investors and activist shareholders can impact the bottom line. For example, company executives recognize that their ability to retain and motivate employees is reflected by their labour practices and by the widely accepted view that corporate responsibility can provide a competitive advantage to companies.

The definition for CSR is often debated. Organizations that are involved in CSR offer the following definitions:
**Business for Social Responsibility**: Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

**The World Business Council for Social Development**: 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 of the local community and society at large.

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

**International Business Leaders Forum**: CSR is about promoting responsible business practices which benefit business and society and help achieve social, economic and environmentally sustainable development by maximizing the positive impact business has on society and minimizing the negative.

**Business for Social Responsibility**

Business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment around the world.
Prince of Wales Business Leaders Forum

Open and transparent business practices that are based on ethical values and respect for employees, communities, and the environment. It is designed to deliver sustainable value to society at large, as well as to shareholders.

European Commission

A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.

Anonymous respondent to an Accountancy Ireland survey

CSR is ‘doing the right thing even when no-one is looking’.

MC Williams and Siegal (2000), described CSR as "actions that appear to further some social good beyond the interest of the firm and that which is required by law".

Tatjana, Johannes and Dorothea (2007) see CSR as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interactions with their stakeholders.

Kotler and Lee (2005) defined it as "a commitment to improve community well-being through discretionary business practices and contribution of corporate resources". These authors found an increased commitment to give more, to report on the giving, to set high social goals for
organizational success, and to use such details to build corporate reputation and brand equity.

**Basu and Palazzo (2008)** reasoned that CSR is "the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and achievement of these roles and relationships". CSR is "the continuing commitment by business to behaving ethically and contributing to economic development while improving the quality of life of the work force and their family as well as the community and society at large".

**Mahon and McGowan (1991)**

**Adopted common-good principles of CSR:** "it is clear that most authors mean corporate social responsibility to include behavior and actions beyond merely profit making that serve to improve the conditions of society and individuals within that society".

In his entry on Corporate Social Responsibility in the Encyclopedia of Public Relations, **Rawlins (2005)** proposed that CSR means "doing well by doing good". That means, for instance, that organizations with high CSR become the employers of choice (an excellent place to work), a neighbor of choice (community where it operates is pleased to have it operating there), and vendor of choice (avoiding bad product design and safety issues—giving
full value). The real challenge is for organizations to be accountable beyond financial obligations.

The World Business Council for Sustainable Development in its publication *Making Good Business Sense* by Lord Holme and Richard Watts, used the following definition: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large".

Mallen Baker (2004) Defines CSR as about how companies manage the business processes to produce an overall positive impact on society illustrated as follows.

![Figure 2.2: Stakeholders in Business](image)

*Figure 2.2: Stakeholders in Business*
Companies need to answer to two aspects of their operations.

1. The quality of their management - both in terms of people and processes (the inner circle).

2. The nature of and quantity of their impact on society in the various areas.

Outside stakeholders are taking an increasing interest in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.

As in India CSR already has a long tradition dating back to the 19th century, the present study seeks to analyze how and to what extent the Global Compact is shaping corporate social and environmental conduct in that country.

**CSR in India**

According to Sundar (2000), CSR in India can be divided into four main phases.
First phase: CSR motivated by charity and philanthropy

The first phase of CSR is predominantly determined by culture, religion, family tradition, and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices today, especially in community development.

In the pre-industrial period up to the 1850s, merchants committed themselves to society for religious reasons, sharing their wealth, for instance, by building temples. Moreover, "the business community occupied a significant place in ancient Indian society and the merchants provided relief in times of crisis such as famine or epidemics by throwing open godowns of food and treasure chests" (Arora 2004, 24).

Under colonial rule, Western types of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhanaia, Modi, Naidu, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan 2001, 109). "The early pioneers of industry in India were leaders in the economic, as also in the social fields" (Arora 2004, 25).

Nevertheless, it has been pointed out that their engagement was not only altruistic and stimulated by religious motives: "It had business
considerations in supporting efforts towards industrial and social development of the nation and was influenced by caste groups and political objectives” (Mohan 2001, 109).

The underlying pattern of charity and philanthropy means that entrepreneurs sporadically donate money (e.g. to schools or hospitals) without any concrete or long-term engagement. Charitable and philanthropic CSR is practised outside the company, focusing on such external stakeholders as communities and general social welfare bodies.

Second phase: CSR for India’s social development

The second phase of Indian CSR (1914-1960) was dominated by the country’s struggle for independence and influenced fundamentally by Gandhi’s theory of trusteeship, the aim of which was to consolidate and amplify social development.

During the struggle for independence, Indian businesses actively engaged in the reform process. Not only did companies see the country’s economic development as a protest against colonial rule; they also participated in its institutional and social development (India Partnership Forum 2002, 11).

The corporate sector’s involvement was stimulated by the vision of a modern and free India.
Gandhi introduced the notion of trusteeship in order to make companies the "temples of modern India": businesses (especially well established family businesses) set up trusts for schools and colleges; they also established training and scientific institutes (Mohan 2001, 109). The heads of the companies largely aligned the activities of their trusts with Gandhi’s reform programmes. These programmes included activities that sought in particular the abolition of untouchability, women’s empowerment and rural development (Arora 2004, 25).

**Third phase: CSR under the paradigm of the "mixed economy"**

The paradigm of the "mixed economy," with the emergence of PSUs and ample legislation on labour and environmental standards, affected the third phase of Indian CSR (1960-1980). This phase is also characterized by a shift from corporate self-regulation to strict legal and public regulation of business activities.

Under the paradigm of the "mixed economy", the role of the private sector in advancing India receded. During the Cold War, India decided to take a third course between capitalism and communism. In this scenario, the public sector was seen as the prime mover of development. The 1960s have been described as an "era of command and control", because strict legal regulations determined the activities of the private sector (Arora 2004, 8). The introduction of a regime of high taxes and a quota and license system
imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. As a result, corporate governance, labour and environmental issues rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora 2004).

However, the assumption and anticipation that the public sector could tackle developmental challenges effectively materialized to only a limited extent. Consequently, what was expected of the private sector grew, and the need for its involvement in socio-economic development became indispensable.

An initial and cautious attempt at reconciliation was made by Indian academics, politicians and businessmen at a national workshop on CSR in 1965 (Mohan 2001, 109). According to this agenda, businesses were to play their part as respectable corporate citizens, and the call went out for regular stakeholder dialogues, social accountability and transparency (Mohan 2001, 110). Despite these progressive acknowledgements, this CSR approach did not materialize at that time.

The fourth phase

CSR at the interface between philanthropic and business approaches

In the fourth phase (1980 until the present) Indian companies and
stakeholders began abandoning traditional philanthropic engagement and, to some extent, integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach.

In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the "mixed economy" and tried to integrate India into the global market. Consequently, controls and license systems were partly abolished, and the India economy experienced a pronounced boom, which has persisted until today (Arora and Puranik 2004, 97). This rapid growth did not lead to a reduction in philanthropic donations; on the contrary, "the increased profitability also increased business willingness as well as ability to give, along with a surge in public and government expectations of businesses" (Arora 2004, 28).

Against this background, India has meanwhile become an important economic and political actor in the process of globalization. This new situation has also affected the Indian CSR agenda. With more TNCs resorting to global sourcing, India has become an attractive and important production and manufacturing site. As Western consumer markets are becoming more responsive to labour and environmental standards in developing countries, Indian companies producing for the global market need to comply with international standards.
2.3 SECTION C: OVERVIEW OF CSR

2.3.1 International Studies

Thomas P. Lyon and John W. Maxwell (2007) have surveyed the growing theoretical literature on the motives for and welfare effects of corporate greening and showed how both market and political forces are making environmental CSR profitable, focusing on morally-motivated or altruistic CSR. Welfare effects of CSR are subtle and situation-contingent, and there is no guarantee that CSR enhances social welfare.

Piotr Mazurkiewicz World (2004) concern about CSR is that, instead of big number of initiatives, there is no comprehensive frame that would cover at the same time issues such as: government standards, management systems, codes of conduct, performance standards, performance reporting, and assurance standards. Companies, usually, implement separate components, or join selected initiatives, often forgetting for example about transparent monitoring mechanisms. He proposed concrete steps that could allow on creating a global commonly accepted CSR framework.

Geoffrey P. Lantos (June 2001) Reviews the development of the CSR concept and its four components: economic, legal, ethical, and altruistic duties. Discusses different perspectives on the proper role of business in society, from profit making to community service provider. Suggests that much of the confusion and controversy over CSR stem from a failure to distinguish its ethical, altruistic, and strategic forms of CSR. Proposes that
ethical CSR, grounded in the concept of ethical duties and responsibilities, is mandatory. Concludes that strategic CSR is good for business and society. Advises that marketing take a lead role in strategic CSR activities.

**Loururdes Casanova Anne Dumas (2009)** This paper looks at CSR practices of multinationals from Latin America. In spite of the economic growth in recent years, social problems as poverty is endemic in the region persist. The paper asks if these CSR practices are effective or whether they should become more proactive in poverty alleviation.

**Geoffrey P. Lantos (2001)** Reviews the development of the CSR concept and its four components: economic, legal, ethical, and altruistic duties. Discusses different perspectives on the proper role of business in society, from profit making to community service provider. Suggests that much of the confusion and controversy over CSR stem from a failure to distinguish its ethical, altruistic, and strategic forms of CSR. On the basis of a thorough examination of the arguments for and against altruistic CSR, concurs with Milton Friedman that altruistic CSR is not a legitimate role of business. Proposes that ethical CSR, grounded in the concept of ethical duties and responsibilities, is mandatory. Concludes that strategic CSR is good for business and society. Advises that marketing take a lead role in strategic CSR activities. Notes difficulties in CSR practice and offers suggestions for marketers in planning for strategic CSR and academic researchers in further clarifying the boundaries of strategic CSR.
Matthew Brine, Rebecca Brown and Greg Hackett (2007), The concept of social responsibility of corporations has engendered considerable interest in Australia in recent years. While previous research on the relationship between corporate social responsibility and financial performance has largely been based on international data, this paper examines the relationship between the adoption of corporate social responsibility and the financial performance of companies within Australia. A number of economic drivers for corporate social responsibility have been identified that may explain its voluntary adoption by companies. Our preliminary results revealed no statistically significant relationship between corporate social responsibility and financial performance; however, a number of opportunities for refining the research were identified.

Florence Lau (2009) Reports were gathered on getting the responses of HR professionals from Australia and New Zealand and compared to illustrate what corporate social responsibility means in a downturn and how it is implemented in organisations operating in different industry sectors and economies. Resulting of findings was that current economic conditions have created an environment in which Corporate Social Responsibility has become both increasingly challenging and acutely necessary. Social programs are in need now, more than ever, since the crisis hits the economically vulnerable sections of society more severely.

The present circumstances pointed to the need for companies to embrace strategic CSR programs that are tied to their core competencies and
designed around long-term commitments to deliver social change. Strategically managing CSR during tough times required a bold approach, which will not only to deliver the most effective and efficient social programs, but also provide the strongest returns to the business. Ultimately, the more integrated CSR is into the business, the greater chance it has to be able to achieve maximum impact even in the midst of changing economic circumstances. Instead of cutting down on their community activities Australian and New Zealand organisations need to use this opportunity to strengthen and streamline their CSR agenda.

Leeora D Black (2007), This research report describes the results of Australia’s first survey of CSR managers. The project was carried out by ACCSR between May and September 2007. The report shows a rapidly-growing field of highly committed senior managers who use their corporate jobs to help make lasting positive impacts on society and the environment.

The results suggest that at least 60 new CSR jobs will be created in over 35 organisations in the coming year.

Highlights of the research include

- At least two-thirds of people working in CSR are in their first CSR role and half of them were internal appointments
- Most CSR employees have senior roles: 80% are employed at manager or above level
• Two-thirds of CSR managers are women
• Approximately one-third has a higher degree and over 90% are university educated
• The median salary for CSR managers is $80-100,000
• Lack of support from other senior managers is the biggest obstacle to success for CSR managers

One question about CSR activities undertaken by organisations was asked in an earlier ACCSR survey of CSR learning needs. Changes to the percentage of organisations undertaking various CSR activities between 2005 and 2007 show the increasingly strategic focus of the CSR function: the proportion of organizations undertaking employee or external stakeholder engagement activities has increased while the proportion of organisations citing philanthropy as one of their major CSR activities has fallen.

**Emer Diviney and Serena Lillywhite (2007)**, This research has found that the Australian garment industry has been slow to embrace both mandatory and voluntary mechanisms to protect workers in international and local manufacturing supply chains.

There was a lack of trust between workers, suppliers, labour rights organisations and principal companies, who do not work collaboratively and often fail to understand each other’s circumstances. Further, smaller companies generally believed that Australian consumers did not care about
the conditions under which garments were manufactured, and that no business case existed for developing CSR strategies.

Significant opportunities identified to address these issues include establishing a multi-stakeholder CSR platform for the Australian garment industry and a production hub where smaller companies can have their garments manufactured by outworkers under ethical conditions.

The research also recommends that companies could improve their CSR performance by consulting individuals and organisations representing both supplier and worker perspectives and by making public their CSR processes and results.

The research confirms the value of increasing the industry’s awareness of worker conditions, relevant state and federal legislation and awards, and international regulatory mechanisms. Industry events including fashion festivals and trade shows should be targeted for awareness-raising activities.

Kim Kercher (2007) CSR is associated with the conduct of corporations and in particular whether corporations owe a duty to stakeholders other than shareholders. Whilst the phrase ‘Corporate Social Responsibility’ may be gaining momentum, the concept itself is not new. The question as to whether corporations owe duties to broader stakeholders has been debated at various times throughout the twentieth century.
Chan, Mui Ching (2010), The aim of this study was to investigate the relationship between voluntary disclosure of CSR information and six firm characteristics, namely: corporate governance; firm. The voluntary disclosure of CSR information by Australian companies was analyzed using a model developed from two theories namely legitimacy theory, which explains the role of legitimacy pressure in determining the voluntary disclosure of CSR information and second the stakeholder theory, which explains the important role played by stakeholders in determining the voluntary disclosure of CSR information.

Helen Grzyb (2007), This study aims to contribute to the relatively scarce knowledge of CSR for Small and Medium Enterprises (SMEs), generally acknowledged to be the most diverse, the least known, and paradoxically, forming the largest number of businesses. The research also undertakes a comparative exploration of such CSR activities in metropolitan and rural locales. The findings of the study are that all 40 small business owner/managers (mostly members of the local chamber of commerce) who participated in the study were active in their local community in Fremantle or Narrogin.

Edward Probir Mondol (2007), The study explores CSR conception and implications in context of Bangladesh and illustrates practices in specific industry sector in particular. In keeping with global movement, CSR is being seen as the source of new competitive edge for the companies operating in Bangladesh. Across the globe, there are many examples of
companies that have used CSR not only to improve community relations but also as a source of significant commercial benefit. The national development can be promoted with transparency, good governance, concern for the environment and good relations with all stakeholders of a company by adopting principles and practices consistent with CSR. There is a need to link CSR among academics, managers, stakeholders and students. The increasing demands of overseas clients from EU and US are forcing companies in developing countries in general and that of Bangladesh in particular to adopt the dynamic policies of CSR. From this perspective, it may be beneficial to learn from companies in different sectors like Ready Made Garments (RMG) and Shrimp sub sector who practice CSR in exemplary ways.

Haque Md. Mozammel (2008) CSR in the business firms and enterprises has evolved as an indispensable part for greater business and economic successes. This paper seeks to explore the corporate perception, practices and current trends of CSR in the export-oriented apparel industry in Bangladesh. The exploratory research was carried out using both quantitative and qualitative techniques. The study selected 5 firms objectively drawn from different parts of industrial zones-Dhaka, Gazipur, Savar, DEPZ and interviewed owners, managers, and workers, mainly the female workers. The study finds business firms have felt pressure from the external buyers, trade associations and also from the competitors that drives their decision to adopt CSR practices at initial stage but gradually they are driven by the values to remain competitive in the market. Employee welfare found as the prime
concern of the selected firms and health, safety and security measures are considered for continuous improvement. Such pressure results from not only the need to provide credibility to foreign buyers but also the need for strong accountability to the workers. Initially the buyers' orders were an incentive for the firms but overtime it has changed towards increase in productivity. However, increasing productivity still are assumptions of the firms, which is not supported by the facts and information. Nevertheless, the association test results indicate that the sign of the relationship is positive and statistically significant, supporting the view that socially responsible corporate performance can be associated with a series of bottom-line benefits.

**Wendy J. Werner (2009),** The paper presents case studies of CSR projects in Bangladesh that are designed to reduce social exclusion among marginalized populations and explores whether CSR initiatives can increase economic and social capabilities to reduce exclusion. The examples provide snapshots of projects that (a) increase job-skills and employment opportunities for women, disabled women, and rehabilitated drug-users and (b) provide healthcare services to female workers and their communities. The analysis found that CSR has potential for positive and lasting impact on developing countries, specifically on socially excluded populations. However, there is a need for additional monitoring and critical evaluation.

**Selim Raihan (2011),** There is no denying the fact that the recent global economic crisis has profound implications for the developing countries like Bangladesh. This paper has explored the impacts of global economic
crisis on the economy of Bangladesh in a general equilibrium framework. Analysis of the trend and pattern of the global economic crisis suggests that global economic crisis led to some negative impacts on the Bangladesh economy through two major channels: slumps in exports and remittances growths. Two simulations have been conducted considering export and remittance shocks respectively. The results of the simulations suggest that during the global economic crisis the growth in total exports was much lower than those during pre-crisis periods and the export growth was mainly driven by the growth in non-RMG sectors.

The simulation results in the paper have convincingly suggested the strong welfare enhancing effects of remittance in Bangladesh. The growth rate of remittance inflow reduced quite drastically during the global economic crisis. Also, looking at the trend of annual migration from Bangladesh it appears that there is a high risk of further reduction in inflow of remittances. Therefore, there is a need to take necessary measures for encouraging larger inflow of remittances and greater outward migration. Measures such as reducing the hassles of sending remittances through formal channels and providing appropriate guidance and support for channeling the remittance money to productive investment could be very useful. Also, government needs to negotiate both multilaterally (at WTO) and bilaterally for the enhancement of export of manpower from Bangladesh.

Ali Quazi (2007) CSR has generated significant debate in academic and corporate circles in recent times. This debate acknowledges the
importance of CSR in the first-world, but raises questions regarding the extent to which corporations operating in developing countries have CSR obligations. The paper discusses the situation prevailing in the developing world to broaden our understanding of the perceptions and practices of CSR. Bangladesh is used as a test case for this purpose because this country is believed to possess the typical characteristics of a developing country.

**Zhao Linfei and Gu Qingliang (2009)** China apparel industry, which is deeply embedded in the Global Production Network (GPN), faces the dual pressures of social upgrading and economic upgrading. The paper shows the state of CSR in China apparel industry is better than before. And the investigation indicates that the firms who practice CSR actively perform better both socially and economically than those who inactively. The research demonstrates that CSR can be an initial capital rather than cost, and "doing well by doing good" is also existed in labor intensive industry.

**Catalina Mitra Anca Borza (2010)** The debates on the differences between social enterprises and commercial enterprises are related to task performance and the way that social mission is accomplished by involved parties. Corporate Social Responsibility has an undeniable effect on both society and businesses, but this practice depends on the companies availability to get involved which is at the discretion of the managers and shareholders.
Claus Aagaard, Dion Angelo Valente, Morten Rasmussen (2008),
The research paper intends to examine the different elements and motives of CSR, with a special focus on the corporate interpretation of CSR in Denmark with an attempt to illustrate the underlying elements of the different CSR interpretations with the hypothesis that the motives will be different in each of the three interpretations above, namely CSR as a tool, CSR from a stakeholder approach, and Ethics in CSR. In order to relate the theory to practice two Danish companies have been selected who concern themselves with CSR.

Laura, Josep M., Antonio, AtleMidttun and Francesco (2008),
The aim of this article was to contribute to understanding the changing role of government in promoting CSR. The paper focuses on the analysis of the new strategies adopted by governments in order to promote, and encourage businesses to adopt, CSR values and strategies. The research is based on the analysis of an explanatory framework, related to the development of a relational analytical framework, which tries to analyze the vision, values, strategies and roles adopted by governments, and the integration of new partnerships that governments establish in the CSR area with the private sector and social organizations. The research compares CSR initiatives and public policies in three European countries: Italy, Norway and the United Kingdom, and focuses on governmental drivers and responses. The preliminary results demonstrate that governments are incorporating a common statement and discourse on CSR, working in partnership with the private and
social sectors. For governments, CSR implies the need to manage a complex set of relationships in order to develop a win–win situation between business and social organizations. However, the research also focuses on the differences between the three governments when applying CSR public policies. These divergences are based on the previous cultural and political framework, such as the welfare state typology, the organizational structures and the business and social and cultural background in each country.

Mohamed Bibri (2008), The purpose of this study was to explore the current practices in corporate sustainability/CSR communications and how this trend contributes to corporate value creation. More specifically, this study looks at this subject from the angle of how companies can use corporate sustainability/CSR communications in marketing activities to attain corporate marketing objectives.

To achieve the aim of this study, an examination of the current practices in corporate sustainability /CSR communications was performed through a pertinent empirical and theoretical literature review as well as a quantitative and qualitative empirical method using a survey questionnaire. The author attempted, in the same way, to illustrate how corporate sustainability/CSR communications can strengthen corporate reputation and directly enhance financial performance. Overall, the thesis endeavours to present contributions, avenues and departure of journeying for further empirical research and development.
Kai Hockerts and Mette Morsing (2008), This literature review explores the state of the art in corporate social innovation (CSI) research. It briefly outlines the main themes in the CSR debate (organizational legitimacy, moral choices, stakeholder interaction, and sustainable development) and the organizational innovation literature (incremental vs. radical and sustaining vs. disruptive innovation; user-driven innovation; entrepreneurial opportunities; individual entrepreneurs, and institutional entrepreneurship). The paper then reviews the major objects of corporate social innovation singling out the Base Of the Pyramid (BOP), social entrepreneurship, and eco-innovations as key themes. It closes by analyzing how social innovation is enacted at each of the four levels discussed in the first part.

Matthew Haigh Marc T. Jones (2006), The paper criticizes the dominant discourse of CSR by examining six sets of factors conventionally considered as promoting outcomes consistent with core principles of social responsibility: intra-organizational factors, competitive dynamics, institutional investors, end-consumers, government regulators and non-governmental organizations. Each factor is addressed conceptually, empirically, and with respect to its likely future significance in promoting outcomes consistent with CSR.

Mummullage Sanjeeewani Nanayakkara (2010), The purpose of this study is to explore the socio-economic impacts of CSR practices in Sri Lankan manufacturing companies. The empirical investigation is based on a case study of Harischandra Mills PLC CSR practices. The author’s review of
the literature highlights the importance of CSR activities. Although a widespread definition is not available, CSR has gained an immense attention during past years. Many business firms perform CSR initiatives to pursue their economic, social and environmental responsibilities while interacting with their stakeholders. Today, stakeholders look increasingly at companies to answer to many socio-economic problems in the community. The CSR practices ensure gains for all stakeholders involved while enhancing business benefits. Awareness and sense of necessity for practicing CSR is important factors to achieve fruitful benefits of CSR to address the long-term development needs in a sustainable way.

Ralf Barkemeyer (2007), The aim of this paper was to gain a better understanding of the actual developmental impact in the South that this new mode of governance can potentially unfold. The results of the analysis raise doubts regarding the general suitability of contemporary CSR initiatives to tackle some of the most pressing developmental challenges. Instead, only certain topics are commonly addressed, while a number of issues such as anti-corruption measures or labour rights are under represented in the case study sample.

Mikko Martela (2005) paper tries to establish the advantages and disadvantages of CSR from a strategic point of view. It was found out that current empirical research do not tell anything of interest because of the heavy criticism of its methods. Along with the heavy difficulties of measurement, one major point of criticism is that the current research do not control for
R&D expenditures which seems to be an underlying factor explaining the correlation. Additionally, the CSR should be divided into two different categories: stakeholder management and social issues. Of these, the former is positively correlated to CFP while the latter is negatively. Direction of causality is also an unsolved question with slack resources resulting from better financial performance explaining large part of the positive relationship. As general relationship discussion is unable to tell anything of interest, a different approach for accessing the level of CSR for a company is represented.

McWilliams’ and Siegler’s Demand-Supply model of CSR seems to be a more fruitful method for accessing the proper level of company’s Corporate Social Responsibility.

2.3.2 National Studies

Overview of CSR in India

German Embassy: India is widely regarded as a country in which corporate social responsibility has long played an important role. National and international nongovernmental organizations and UN agencies are involved in the public debate in the business community and the media. However, the involvement of the business community is concentrated among a few long-established family-owned companies that contribute a significant amount in the field of CSR, in both theory and practice. The Indian subsidiaries of German companies are bound by their parent companies’ guidelines for
socially responsible behavior, but how these guidelines are actually implemented is left up to each subsidiary. Their CSR activities focus on their employees (providing training and improving social security), the environment and aid efforts within India or in the region, which are currently concentrating on providing help to tsunami victims. Public policymakers are seeking to achieve inclusive and sustainable growth, and calling on private enterprise to contribute its share. There is no evidence of CSR activities in the informal sector of the Indian economy, which is responsible for slightly less than half of GDP and employs some 93 percent of India’s workforce. Indeed, workers in this sector are afforded no rights or protections whatsoever, and all indications are that no efforts are being made to fight poverty, promote education or health, protect the environment or encourage employee participation in business development.

**Abira Chatterjee (2008)** reiterates that the idea of responsible business behaviour is far from new. Since 1990s increasing concern over the impacts of economic globalization has led to new demands for the corporations to play a central role in efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. In essence the approach is to view business as part of society and find ways to maximize the positive benefits that business endeavour can bring to human and environmental well being whilst minimizing the harmful impacts of irresponsible business.
Pallavee Kolhi and Durganshu Arya (2009) says that Social accountability has become an increasingly important tool for the importing countries to motivate the suppliers to maintain a high level of social and environmental performance. The main aim of social accountability program is to ensure that business partners abide by regional laws as well as comply with the company’s commitment to social responsibility. India is one of the important garment sourcing Destination in Asia.

R.Ramakrishnan and Dr.R.Perumal (2008) explains in his paper the significant changes in a business that has evolved for the development due to Corporate Social Responsibility in the last 30 years with special reference to India. Business and industry play a critical role in the social and economic development of a country. They provide 90 percent of jobs, goods and services and they are the main source of tax revenues. In developed world the private sector led by SMEs produces the largest portion of a country’s output, creates employment and generates the tax revenues necessary to fund basic services including healthcare, education and other social services. This is true in developing countries as well.

Sujatha and Sosale, (2007) make an attempt through a case study to show that although companies states it is seeking to connect global capitalism to the grassroots level to empower rural development and communities, it may not be able to do so while avoiding the privileging and prioritizing mind set which is key aspects of global capitalism over local indigenous cultures.
Nilesh R. Berad (2011) His research paper focuses on the finding and reviewing of the issues and challenges faced by CSR activities in India. With the concept of Corporate Social responsibility is now deeply rooted on the global business agenda, the key challenges facing business is the need for more reliable indicators of progress in the filed of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy and push up the standards of other organizations at the same time.

C.S. Venkata Ratnam (2006) briefs in the meeting held the European Institute for Asian Studies that contrary to widespread perceptions, CSR benefits a company more that its costs. The concept of CSR had different meaning depending on the stakeholders and that depending on the specific situation of the enterprise expectations can also vary. In India some public sector companies can spend up to 5% of their profit on CSR activities. In India CSR has evolved to encompass employees, customers, stakeholders and notions of sustainable development or corporate citizenship.

Chandrakantha Sahoo (2008) make an attempt while exploring CSR literature to identify the various issues and controversies of CSR which has become an ever increasing debatable topic of discussion among researchers and practitioners. There was a need to augment the scope of CSR with respect to stakeholders involved and CSR practices of corporations. The paper recommends that it is time for the corporate bodies to take proactive
steps, rather than allowing the State to define CSR for them to start reacting to the State’s policy on CSR.

**Manish Desai (2011)** arguments that the primary goal of business is to make profits and pay taxes and it is the responsibility of the government—local state and central to create necessary social infrastructure, continues to remain valid. But a business needs a healthy, educated workforce, sustainable resources to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income and opportunities, which is termed as "creating Shared Values" and it is here that the interests of the companies and the society converge. This has led to the business case for CSR gaining ground and many corporate houses are realizing that ‘what is good for workers— their community, health and environment is also good for the business.

**V.V.S.K.Prasad (2009)** examines the nature and extent of corporate social responsibility initiatives taken by Indian companies and to study its relevance in business.

**Rashmi Joshi (2007)** writes in her article how business ethics and CSR are essential in a business. Business decisions have many influences that can stretch beyond an office. Her article shows that business ethics and CSR are not an attack on the profits but a firm step towards generating it.
Prof Sudeep Chatterjee (2007) His paper conceptually examines the meaning of social responsibility and studies the different ethical issues faced in marketing. The author also explores the concept of Bottom of the Pyramid marketing and studies concerns and issues which need to be addressed to help create corporate citizens.

M.Gurusamy and N.Rajasekar (2011) India has one of the world’s richest traditions of CSR. CSR is a concept that organizations, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities and ecological considerations in all aspects of their operations.

The ways in which a textile firm can fulfill its responsibility towards various parties are similar to those of firms in other industries, as is evident from the employees, shareholders, the government, customers, investors, suppliers, competitors, society and environment. Burberry is an organization that strives to fulfill its social responsibility. It provides its employees with safe working conditions, fair policies regarding appointment and remuneration and ethical workplace standards. There is no bias towards age, gender, color or marital status in its employee policies. As part of its social responsibility campaign, Welspun have developed the concept of 5 Es – Enrichment of mind, enrichment of body, education, empathy, and empowerment of women. It undertakes several projects in each of these areas. Arvind Mills strongly believes that in participating in the development of the
society, which helps in its development. It has developed an environmental policy with a view to protecting the environment from the negative effects of its operations. It strives for optimum utilization of energy, cotton and water. The initiative assumes significance as India is a developing country with an aspiring consumption drive and vast untapped markets, but appears to be largely divorced from emerging sensitivities on sustainable production processes, consumption, retail, policies and environmental hazards. India is a developing country with an aspiring consumption drive and vast untapped markets, but appears to be largely divorced from emerging sensitivities on sustainable production processes, consumption, retail, policies and environmental hazards. The sector is a big consumer of natural resources. Companies are becoming increasingly aware of their responsibilities towards the various stakeholders associated with them.

Megha Gupta and Nancy Hodges (2012), The purpose of this paper is to explore perceptions of Indian consumers regarding CSR in the apparel industry, and to investigate its importance in the apparel decision-making process. The paper also provides insight into what this group thinks about CSR in an industry that contributes significantly to their country's economy.

Swetha Kapoor and H.S. Sandhu (2010), The article attempts to examine the impact of Corporate Social Responsibility on corporate financial performance in terms of profitability and growth after controlling for the effect of other variables on financial performance
Geert de Neve (2009) Based on fieldwork in the Tiruppur garment manufacturing cluster in Tamil Nadu, this paper focuses on the ways in which ethical corporate regulations are shaped by and constitutive of power relations and inequalities in the global market. It explores the ways in which standards imposed on supply firms help to generate not only measurable and auditable changes in conditions of work, but also to mould social relationships between different actors in transnational production chains. It argues that codes and standards do not merely contribute to the manufacture of commodities to specified standards; they also generate new social regimes of power and inequality.

Li et al (2010), This study examines how country-level, industry-level, and firm-level factors affect the extent of corporate communications about CSR in Brazil, Russia, India and China (BRIC). In particular, using data from the 105 largest MNCs in BRIC, we investigate CSR motives, processes, and stakeholder issues discussed in corporate communications. At the country level, based on a newly developed governance environment framework that differentiates between rule-based and relation-based governance, our study reveals that a country's governance environment is the most important driving force behinds CSR communications intensity. Our results show that firms communicating more CSR tend to be larger firms in the manufacturing industry in more rule-based societies. These firms also tend to have stronger corporate governance as measured by a high proportion
of outside board directors and a separation of the roles of the chairman and the CEO.

**Stigzelius I and Mark-Herbert C (2009)** To study the motives for factory managers in the Indian garment industry to implement SA8000, an international labour standard, to their suppliers, to determine what obstacles are encountered in the implementation process, and what opportunities factory managers foresee by being certified according to this standard.

**Linda Fredricsdotter Ingrid Stigzelius (2006),** The study explores local-level experiences of SA8000 in Indian garment manufacturing by examining the impacts of implementation on the business practices and working conditions. The results of the study are based on case studies in Bangalore and Tirupur in South India. During the implementation, the major obstacles were effective communication of the standard at all levels in the factory and the costs involved in meeting the requirements of the standard. The major benefits are primarily expressed in social terms, while the suppliers would need a higher price or long-term contracts from the buyers to economically motivate the implementation. It is suggested that all concerned stakeholders are engaged in the process through a continuous mutual dialogue in order to promote both economic and social development in a sustainable manner.
2.4 SECTION D

2.4.1 Early Social Responsibility Models

Early theoretical work specifically addressing corporate social responsibilities is represented by Sethi (1975) who developed a three tier model for classifying corporate behaviour which he labeled as "corporate social performance". The three states of corporate behaviour are based on:

a) social obligation (response to legal and market constraints);

b) social responsibility (addressing societal norms, values and expectations of performance);

c) social responsiveness (anticipatory and preventive adaptation to social needs).

Sethi's second tier requires that a company moves beyond compliance and recognises and addresses societal expectations. The third tier requires that a company develops the competence to engage effectively with stakeholders and take proactive measures on their issues and concerns. Sethi also emphasised the cultural and temporal dependencies of corporate responsibilities and the importance of stable management systems and standard classifications to facilitate measurement of progress and comparative analysis.
Building on Sethi’s model Carroll (1979) proposed a model that contains the following four categories of corporate responsibility in decreasing order of importance:

a) Economic - be profitable;

b) Legal - obey the law;

c) Ethical - do what is right and fair and avoid harm;

d) Discretionary / philanthropic - be a good corporate citizen.

The four classes of responsibility are seen to reflect the evolution of business and society interaction in the United States. According to Carroll "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". Economic obligations are therefore seen to be tempered by ethical responsibilities or social expectations and norms. Discretionary responsibilities go beyond ethical responsibilities and include philanthropic measures such as corporate sponsored programs for disadvantaged workers.

In 1991, Carroll presented his CSR model as a pyramid and suggested that, although the components are not mutually exclusive, it "helps the manager to see that the different types of obligations are in constant tension with one another".

Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of
the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving.

The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. The model is more sustainable because:

1. Social responsibility becomes an integral part of the wealth creation process - which if managed properly should enhance the competitiveness of business and maximise the value of wealth creation to society.

2. When times get hard, there is the incentive to practice CSR more and better - if it is a philanthropic exercise which is peripheral to the main business, it will always be the first thing to go when push comes to shove.

Figure 2.3: Carroll’s four-part model of corporate social responsibility
**Economic responsibilities:** The first responsibility of the company towards society refers to running the business as an economically healthy unit. It includes aspects such as return on investment for shareholders, fair employee salaries, and quality products supplied to customers at fair prices; all required by the society. (Crane & Matten, 2004)

**Legal responsibilities:** Demands that companies act in accordance with existing legislation and regulatory requirements. The legal framework consequentially fosters society’s ethical view and all companies attempting to be socially responsible are therefore required by society to follow the law. (Crane & Matten, 2004)

**Ethical responsibilities:** Refers to corporations’ responsibilities which are not covered by legal or economical requirements, but instead by what could be considered as ‘right’ or ‘fair’ in the eyes of society. Society therefore expects corporations to act ethically towards their stakeholders. (Crane & Matten, 2004)

**Philanthropic responsibilities:** Involves the corporation’s willingness to enhance the quality of living for their stakeholders (i.e. employees, local community, and society at large) through charitable donations and organisational support. These corporate decisions are entirely voluntary, of less importance than the former three, and (with regards to social responsibility) only seen as desired by society. (Crane & Matten, 2004).
Following on from Caroll, Wood (1991) developed a complete model of corporate social performance. This builds upon the issues of corporate social responsibility and corporate social responsiveness to include measurement.

The model is represented in figure.

**Source**: Wood (1991)

**Figure 2.4: The corporate social performance model**

The first one considers the principles that companies should fulfill to be socially responsible. It can further be divided into three subcategories first of which is called the principle of legitimacy that focuses on company’s obligations towards society as defined by different laws statutes and the simple message is that they are to be obeyed.

The second category, public responsibility sets the *behavioural parameters* for the company. The key idea is that businesses are responsible for all the outcomes of their operations also beyond law and its their duty to act affirmatively for social well being. The third subcategory emphasizes the manager’s role as a moral actor. Manager is seen as responsible for the
outcomes of their decision towards the society in whole and therefore obliged to serve the greater interests of it.

The second category, the **Processes of Corporation Social Responsiveness**, focuses – as the name suggests – on the actual processes involved. In order to be socially responsible towards the external environment the firm must know something about it. Therefore the first subcategory, **environmental assessment**, is about scanning and analyzing the environment that is influential towards the company and that the company influences. **Stakeholder management** then focuses on the relationships between company and all its stakeholders and processes involved in managing these relationships.

The final subcategory, **Issues Management**, has been defined as policies developed to address social issues (Wartick and Cochran 1985) but more recently the emphasis has shifted to involve devising and monitoring of internal and external processes for managing a company’s responses to social issues (Wood 1991, Bansal 2004).

Outcomes are the third and final main category of corporate social performance model. Social impacts of corporate behaviour try to measure the actual effects of the company towards society regardless of the motivation of these effects. Corporate social programs take a look at the investment of resources towards social programs while corporate social policy concentrates on the establishment of social policies with socially responsible motives.
2.4.2 Demand-Supply Model of CSR (Mikko Martela 2005)

To challenge the whole point of calculating general relationships between corporate social responsibility and corporate financial performance, McWilliams and Siegel (2001) have developed a demand-supply model of CSR.

![Demand and Supply model of CSR](image)

**Figure 2.5: Demand and Supply model of CSR**

This demand and supply approach to CSR implies then, that there would be an optimal level of CSR attributes for firms to provide. This optimal level could then be calculated for each item of CSR taking into account the special demand and the cost to generate them. Because of the number of various attributes affecting the demand and varying costs for supplying different CSR attributes, every firm’s situation is unique and therefore the optimum levels of CSR vary greatly.
Following this model the ideal level of CSR can be calculated using cost-benefit analysis. Profit-maximizing level of CSR can be simply found by offering precisely that level of CSR for which the increased revenue (from increased demand) equals the higher costs.

2.4.3 Three Models of Corporate Social Responsibility: by Elizabeth Redman

States that Interviews with corporate executives and case studies reveal three models of thinking about CSR, though firm decisions are often based on some combination of the models. While these models do not offer one "right" way to conceptualize CSR, they do provide a framework for considerations about public policy and the future of socially responsible business behavior. The three models offer policymakers a more effective way of organizing thinking about the often elusive and multifaceted concept of CSR.

Model one: In the traditional neoclassical model, tradeoffs between social and environmental goals and profits are inevitable. Since firms only consider private marginal costs when making production decisions, firms overproduce products or services, and operate at less than the socially optimum market equilibrium when social costs exceed firms’ private costs. These decisions create negative externalities and require government policies or other market-correcting interventions to restore the socially optimal equilibrium.

Model two: While the traditional view of conflict between industrial and social goals is far from obsolete, many companies are redefining the
relationship between financial, social, and environmental performance. Executives from these companies view environmental integrity and healthy communities as means to achieve greater profits. Model two represents the ideology of the majority of companies that make it into Socially Responsible Investment (SRI) portfolios.

**Model 3** : Model three explains the ideology of firms that have made commitments to environmental and social goals without evidence that corporate citizenship leads to tangible financial gains.

**2.4.4 M.Gurusamy and Dr.N.Rajasekar**

Mapping out the four families of CSR helps provide a context for understanding the merging model of corporate responsibility in India. Looking across the current practice s of leading Indian corporations, a number of core elements merge

**1. Community development**

Most large companies either have their own foundations or contribute to other initiatives that directly support the community enlistment, notably in health, education, and agriculture.

**2. Environmental management**

Environmental policies and programmes are now standard, and many companies have implemented the ISO 14 001 system throughout their businesses.
3. Workplace

Growing out of long-standing commitments to training and safety is a more recent emphasis on knowledge and employ well-being.

The concept of social responsibility is a fairly recent on in the business world.

Awareness about the social responsibility of business organizations is rapidly on the rise and firms are also accepting this concept. The textile industry is no exception.

Textile producing and trading firms are also realizing their responsibility towards the society and the environment.

2.4.5 Sitoe Marion Theoretical Model

CSR is the portrait of the participation of the business sector in strategic social activities, oriented towards the community. The theoretical model takes into account the real conditions of the country and it is inspired on the models of Quasi and O’Brien (2000), Ethos (2007), Carrol (1999), Zadek (2008) and on the cornerstone of the stakeholders’ model and it searches to be integrated into the policies of the Mozambican Government that can allow the companies to develop CSR actions.

The theoretical model results from a confluence of approaches from several writings on CSR aspects, based on the presupposition that the merging
of constructs, the Economic, Socio-cultural, Political and Environmental and Learning dimensions (new paradigm) are the focus of the CSR study.

2.5 SECTION E

2.5.1 The Business Benefits which are Associated with CSR in the Indian Context

a) CSR improves financial performance and reduces operating costs:

The desire and urge in business to be sensitive about social responsibility has a significant and far reaching impact on financial performance, resulting in increased revenues and reduced operating costs. CSR is a business process wherein the institution and individuals are sensitive to and careful about the direct and indirect effect of their work on internal and external communities, nature and the outside world.

The adoption of a sensitive attitude towards the communities forces business to strive for environmental improvements for adopting eco-friendly measures using less energy and material and for re-organising production processes, material flow and supplier relationships.

b). Enhanced Brand Image and Reputation

With increasing competition and little differentiation in product features, creating and sustaining a brand image is a challenge. Spending on visible CSR activities is a cost effective means of achieving and sustaining a brand image.
Good Brand image leads to customer loyalty, which cannot be established overnight. Customer loyalty is sometimes defined as an act of binding –intellectually and emotionally which is one of the factors contributing to brand image and customer loyalty and CSR is a tool for achieving that.

c) CSR increases Customer loyalty and sales

Customers not only want good and safe products but would like to know that what they buy was produced in a socially and environmentally friendly way and are sometimes even willing to pay more for the products that are produced in a socially and environmentally responsible manner.

d) CSR increases the ability to attract and retain employees

The extent of publicity and goodwill generated by CSR activities helps in talent management as the average employee feels pride in being associated with good corporate citizens. CSR initiatives play a crucial role in attracting and retaining the best talents as youngsters consider the values of a corporate house and its social and environmental behaviour before deciding to join it or to continue working with it.

e) CSR leads to reduced regulatory /Activists oversight

Business that care for their community get more cooperation and less queries from regulators be it the administration or taxation officials and social and environmental activitists. The greater commitments a business house
shows towards CSR the more lenient are governments and regulators with it. Such business houses get preferential treatment when applying for permits or licenses to undertake any projects.

f) CSR reduces risks thereby facilitating easier finance and access to capital

Businesses that show an environmental and social responsibility tend to be viewed as being less risky than those that do not as that can translate into cost prevention, lower insurance premiums, reduced interest rates, reduced legal and regulatory costs, greater investment appeals, and so on.

2.6 SECTION F

2.6.1 The Importance of Corporate Social Responsibility for SMEs

WWW.accsr.com.au: Small to medium-sized enterprises account for about 90 percent of businesses worldwide and are responsible for 50-60 percent of employment. As such, they play a fundamental role in society and can potentially have a huge impact on social welfare.

It is surprising, therefore, that CSR initiatives, so far, have tended to focus on large companies and multinationals. As SMEs have stakeholders and an impact on society, the concept of CSR is just as valid for small companies, as for large companies.

Janos, Tamas and Noemi Miklos (2009) finding from the literature review describes that although CSR practices are generally adopted by multinational enterprises, the role of SMEs is not negligible considering their
economic role and social embeddings, their primarily relation with the local communities. As it is declared in the Green Paper, CSR practice has so far primarily been the domain of large multinational enterprises, but "its wider application in SMEs including micro businesses is of central importance, given that they are the greatest contributors to the economy and employment".

**Zhao Linfei and Gu Qingliang (2009)** China apparel industry, which is deeply embedded in the Global Production Network (GPN), faces the dual pressures of social upgrading and economic upgrading. Based on the survey in Ningbo apparel cluster, the paper shows the state of CSR in China apparel industry is better than before.

And the investigation indicates that the firms who practice CSR actively perform better both socially and economically than those who inactively. The research demonstrates that CSR can be an initial capital rather than cost, and "doing well by doing good" is also existed in labor intensive industry.

**Gary Ali Quazi (2007)** The paper empirically explores the motivational factors for small and medium enterprises to engage in CSR practices and corroborates their findings with that of Quzi and O’Brien(2000) stating that SME Managers are motivated towards CSR for the profit viability and growth of their business whilst also caring for the customer and community.
Peter Raynard and Maya Forstata (2002) CSR is clearly affecting SMEs in developing countries through supply chain relationships, as well as the development of legislation and international standardization and certification. CSR represents not only a change to the commercial environment in which individual SMEs operate but also needs to be considered in terms of its net effect on society.

Interaction between CSR and SMEs in developing countries is an important issue, not only for the SMEs and those supporting their development but also for all the actors driving CSR forward: TNCs, civil society organizations (CSOs), government and multilateral bodies like the EU and UN, which have incorporated CSR within their strategies. It is critical that SMEs in the South are able to go beyond a compliance based reactive mode to CSR to engage in the ongoing approaches are increasingly being seen alongside other development interventions, as the key way in which donor countries can assist in the development process.

Without the incorporation of SMEs into the global ‘social’ value chain, the aim of CSR to contribute to international Development Targets will not be met.

Research on SMEs and CSR in Europe found that:

- SME policies and practice are generally more developed that for environmental issue.
SMEs tend to prioritize CSR issues.

SMEs tend to be more active in CSR where they have greater networks of relations, increased focus on quality, links with foreign countries.

Carlo Cici and Federica (2008), Have chosen four areas of Latin America countries for their research project where CSR strategies and actions are applicable:

In Argentina most SMEs are unfamiliar with the concept of CSR, they believe they need to solve their structural problems before focusing on social and environmental issues. Regarding the areas of CSR, SMEs perceive the marketplace, workplace and community as important for their economic development, while environment is not considered as relevant.

In Brazil the concept of CSR is fairly well developed among large companies and large number of SMEs has already implemented some kind of CSR. Regarding the areas of CSR, SMEs perceive all areas – marketplace, workplace, community and environmental as important for their economic development.

In Chile, most SMEs are unfamiliar with the concept of CSR and therefore do not consider it a way towards progress. Regarding the CSR areas, SMEs perceive the marketplace, workplace and environment as important
factors for economic development, while community is not seen as an essential factor.

In Colombia, SMEs do not perceive CSR as a competitive tool of their company. Regarding the areas of CSR, SMEs perceive the marketplace and environment development, while workplace and community are not considered as important.

In El Salvador only a few exporting SMEs acting as suppliers for larger companies have recognized CSR as an important factor for competing in the market. The main reasons why SMEs do not practice CSR are lack of financial resources and lack of information. Regarding the areas of CSR, SMEs in El Salvador perceives the environment as the important factor for improving their economic development while marketplace, workplace and community are not considered as relevant.

In Mexico, the concept of is quite new and there is no knowledge about CSR among the majority of SMEs which often confuse the concept with the terms philanthropy and ethics. Regarding the areas of CSR, SMEs in Mexico perceive marketplace, community and environment as the most important for improving their economic development, while only the workplace is not considered as important.

SMEs in Peru show a mixed behavior. Regarding the areas of CSR, SMEs in Peru perceive the marketplace and community as very important for
improving their economic development, while the workplace and environment are not considered as important.

In Venezuela, which emphasizes, social inclusion and access to education may lead to an increase in responsible practices among SMEs. Regarding the CSR areas, SMEs in Venezuela receive the market place, community and environment as very important for improving their economic development except the workplace.

Duke Ghosh (2009), The Small and Medium Enterprises (SME) have played a crucial role in evolving an alternative pathway that is more market-oriented and spirited for poverty alleviation and income generation among the marginalized groups. SMEs are the creative leaders who have an enormous potential to "eradicate poverty through profits " and "enabling dignity and choice through markets." Such ventures have a potential to empower "the bottom of the pyramid" and ensure that the puzzle of realizing human rights is solved. But the creation and sustainability of such creative leadership is threatened by numerous bottlenecks that have not been removed by the traditional support programmes. Suggestions are given for measures that support the creation, sustainability and growth of these creative leaders who play a crucial role in removing the curse of poverty and inequality, and ensuring human rights. An appropriate support system needs to be in place.

Moon Urmila (2011) Says that Small and medium scale enterprises account for 90% of businesses in world and are largest provider for
employment. They potentially have a very significant impact on Social welfare. The paper advises the government to look into policies and legislation for the benefits of SMEs adapting CSR and take up initiatives aimed at encouraging SME involvement in CSR which should be accessible and relevant.

Abhishek Nirjar (2008) Social responsibility is acquiring a place of prime importance among large and small firms alike. This paper presents the findings of an empirical survey undertaken for identifying the extent and motives of social responsiveness of Indian small and medium sized enterprises in the manufacturing sector. The study revealed that entrepreneurs across the three sectors had almost similar initiatives, which are apparently focussed more on the internal stakeholders. The prime motives for engaging in social responsible behaviour were confined to having a satisfied workforce with high morale and to build credibility of a responsible business entity thereby enhancing their acceptability across different markets.

Mallika Bhandarkar and Tarciso (2011) Says that developing country firms can at times face contradictory pressures: on the one hand, buyers want to be able to certify that their suppliers comply with one or another CSR code of conduct; on the other, they require low prices and tight delivery schedules. While some suppliers in developing countries will be able to meet the challenge, others may face difficulty, none more so than SMEs.
For, they are likely to have greater difficulty than large firms in bearing the fixed costs of CSR compliance.

One key difficulty in assessing the adoption of CSR by SMEs in supply chains is the dearth of available information on SMEs in developing countries. Insights gained from discussions and surveys of SMEs in developed countries provide a broad understanding of the issue and possible lessons for developing countries.

**Jarutirasarn, Piyachat, Aiyeku, Joseph F (2010)** In the past decades great strides have been made toward integrating CSR into the core culture of many companies especially the larger corporations. Despite this progress however, adoption of CSR is still very small or at its early stages at most SMEs. an important part of business There are many reasons responsible for this among the SMEs. Many studies have given reasons for the slow start of incorporating CSR in SMES. They include lack of clear incentive to promote CSR among the SMEs, and inadequate guidelines since most of the existing guidelines are designed for large corporations. This paper, as a part of a larger study, investigated the perception of Thailand SMES in incorporating CSR into their enterprises and the performance of the SMES that have incorporated CSR versus those that have not. It concluded that there is a positive relationship between Thai SMES attitude and adoption of CSR and firm's performances.
SUMMARY

This chapter of Theoretical review gives the introduction to what is CSR – Corporate Social Responsibility and its evolution from the philanthropic period. The definition of CSR from different ways is well explained to get the understanding of how CSR is perceived. The review also helps to explain the phases of CSR development in India. The researcher has explored and discusses the overview of CSR both from international Studies and from national studies. Published papers, articles and reports have been discussed to understand the different models of CSR.

The benefits of CSR both from the business point of view and in particular it relation to SMEs is also brought out in review.