CHAPTER II
CORPORATE SECTOR

A

PERSPECTIVE
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1. INTRODUCTION

Modern capitalism in India has emerged from the large and flourishing merchant class, which has played an important role in the country's pre-industrial society. The merchants' community was heterogeneous since it comprised of different categories, each with its distinctive characteristics. Evolved approximately between 600 BC to the first Millennium AD, during the flowering of the Aryan civilization in the North, the community grew up as great cities were formed, and leading businessmen came to hold important positions. The merchant was considered an asset to society and was treated with respect and civility.

Kautilya in his "Artha Shastra", too emphasized that for Kings there was no asset more precious than the commercial community. The emergence of new religions viz. Buddhism and Jainism improved the status of merchants in the society. The new religious ethics, with its stress on individual effort, responsibility, honesty and frugality in turn encouraged the growth of business and improved the standing of the merchants.

The study has also revealed that over a period of time, different communities and castes emerged in India in different states. Some of the areas were;

**Gujarat:** Businessmen from Baniya community and Hindu & Jain sectors.

**Saurashtra & Kutch:** Muslim communities in trading

**Surat & Navsari:** Parsis

**Geographical Regions:** Marwaris & Chettiars

It is worthwhile to have orientation some of the business communities and the practices followed by them.
1.1 - BUSINESS COMMUNITIES

a) The Parsis

To further their objectives, the Parsis undertook a social, economic and cultural transformation of their community. The Parsis welcomed English education and Westernized their lifestyle ahead of other merchant communities, unencumbered by religious and caste restrictions. Probably because Parsis belonged to minority community, there was always a strong feeling of belongings among the Parsis. They set up many organizations to help needy members of the community. The affairs of the community were regulated by the Parsee Panchayat, established around 1672-1675. This was a self-constituted body of elders and influential members of the community, many of whom were leading merchants.

b) The Marwaris

The usual pattern of family organizations was a joint family. This took care of the women and children and other dependents when males traveled on work. Moreover, the community helped new immigrants wherever they went by assuring them free food and lodging in basas (collective messes). Communal credit networks enabled trading operations to move smoothly, and community banks provided accommodation for goods in transit and remittance facilities. It was also customary to provide apprenticeships to enable youngsters to learn techniques of businesses and the profit sharing schemes by which they could accumulate enough capital to start their own enterprises. Communal or inter-communal institutions helped to settle or adjudicate commercial or other disputes.

c) Gujarati Business Community: Vaishnavas and Jains

The Gujarati merchant class comprised of three categories - the banias(traders), the shroffs (indigenous bankers) and the sahukars
It was a socially heterogeneous group consisting of Hindus and Jains, Muslims of different sects and Parsis.

d) The Khatris

The Khatris were traditionally the economic backbone of the north India, operating in Delhi, Punjab and Utter Pradesh. They claimed to have belonged to the Kshatriya group, but over a period of time, to be considered among the lower status merchant group. They became shopkeepers, traders, and moneylenders in urban Punjab and UP. Though their main occupation remained trade, many among them went into service of Mughals and Sikh rulers, and became diwans, nasims, and kardars. Having studied about the business communities, one can have a cursory look at some the common characteristics of the businesses;

1.2 - COMMON CHARACTERISTICS

a) The Joint Family Organization

The first of these was the joint family organization, which were not only a social characteristic, but also the basis of economic activity. It was a form ideally suited for business activities relevant to those, making possible the pooling of property and resources, accumulation of capital, and providing managerial manpower. Family ownership and control of business was a source of strength in early years of industrialization enabling entrepreneurs to survive difficult times, though later it provided broadbased ownership and professionalization of management.

b) Concentric Obligation

A second common feature was that these merchants had a series of connecting obligations, starting with the family and radiating outwards to the caste, faith, and finally, the society. Not only was
there an obligation to help the less fortunate among the family and kin group, but also the caste group as a whole and to maintain the faith.

The Marwaris, the Chettiars, the Khojas, Shia Bhoras, and the Parsis, to mention just a few, had all developed several institutional mechanisms such as guilds and panchayats, *basas*, *vitutis*, and *jamaats*, and communal credit networks and apprenticeships for mutual self-help, economic support, and educational, recreational and other needs of their fellow businessmen and the community.

c) Religious and Conservative Outlook

The trading class, with perhaps the exception of modern and affluent Parsis, was a deeply religious and had traditional outlook and behavior.

It appears that religious values sustained the businessmen through the vagaries of business and business resources in turn were used to reinforce social and religious bonds. Consequently, much was spent by merchants on religion and religious rituals and they were slower than the intellectual elite to adapt to, or contribute to social change.

d) Need for Good Relations with rulers

Since business communities generally needed to be on the right side of the ruling class (because volume, profit, and the safety of their assets depend on a stable political system and good relations with the rulers) philanthropy was adopted by most as one of the means for the purpose.

e) Charitable

Finally, while generally frugal in their lifestyles, except perhaps in relation to their houses, which indicated their wealth, size and
ornamentation, most business communities spent lavishly on feasts and religious occasions and donated generously.
Charity was an ingrained practice in most merchant communities. It was aided by the fact that there was little outlet for merchant wealth in the pre-industrial era. Some was invested in real estate or in good living in ornate houses. A little was spent on secular display but not too much, because an obviously wealthy man was a target for extortion.

1.3 DONATION – A RELIGIOUS PERSPECTIVE

The concept of Giving was common and deep-rooted in different religions, castes and communities. It would be interesting to study some of the religious belief of different communities.

1.3.1 Hinduism

Both Hindu religion and the ancient science of government encouraged pursuit of wealth, though the creation of wealth was a valid goal, it was emphasized that wealth had to be acquired honestly and not by subterfuge or by illegitimate means. Wealth could not be spent according to the caprice or pleasure of the possessor but was to be used for the purpose of Yajna(Sacrifice), Dana(charity) and discharge of Runa(debt).

The Upanishad declared charity as the highest virtue and exhorted householder to give in charity on all-important occasions such as birth, death, marriage, visiting a holy place, raising a crop, sending a child to school for the first time, and recovery from illness. In the true tradition of charity, it was observed that instead of the recipient being under an obligation, it was the giver who felt honored by such acts. In the Hindu system, however, there was no clear line of demarcation between religion and charity. Charity was regarded as a part of
religion, which decreed that according to the law of *Karma*, good or 
bad deeds of a man produced corresponding results in the life to 
come.

1.3.2 Jainism
Giving in charity or offering *daan* was a fundamental principle and 
amongst the six daily duties enjoined by it. Gifts had been classified 
into four kinds: gifts of food, protection, medicine, and learning to the 
people who require it. Accordingly, Jains endowed institutions or 
made donations for these purposes, in the form of dharamshalas (rest 
houses), hospitals, dispensaries, *grantha bhandars* (libraries of religious 
texts), *pathshalas* (schools) for religious instructions, and publication 
and dissemination of Jain literature. Some institutions were meant 
only for the benefit of Jain community. Jain charity was however not 
limited only to those adhering to Jain religion, since Jains are 
supposed to show compassion to all living beings, and especially to 
the needy of any race or creed.

1.3.3 Islam
Islam, likewise, extolled charity, wise stewardship of wealth, and 
rendering helps to the less fortunate. *Zakaat*, which is a certain 
percentage of one’s acquired property or profit during a year that is set 
aside for charitable purposes is one of the five main pillars of Islam. 
Zakaat can range from 2.5% to 10% of one’s profit, depending on the 
nature of the property and the conditions under which it was 
acquired.

1.3.4 Zoroastrianism
Zoroastrianism, the religion of the Parsis, neither glorifies poverty, nor 
deprecates riches, but enjoins instead, industry, self-help, and deeds 
of beneficence and promotion of public welfare. Prosperity and 
abundance are prayed for as a means for the promotion of acts of
charity, and in the list of virtues which the followers of the creed are expected to cultivate, charity takes the foremost place.

1.3.5 Christianity
Time and again Christ exhorted people to give, saying “freely ye have received, freely give”. But he insisted that giving should be spontaneous, thoughtful and anonymous and not for self-advertisement. Moreover, wealth was to be regarded as a trust, and giving in charity for the welfare of the poor was not merely an act of compassion but also an act of justice.

1.4 - EXTENSION OF BUSINESS PRACTICE
Charity was often mixed with self-interest. It was also linked to business needs, and an extension of business practices. Business enterprise and its human as well as material resources both were utilized in forging social and religious bonds.
Historical and field studies indicate that Jain merchants, in particular, spent large sums of money on the Sangha (religious brotherhood), and its religious as well as social activities, not only because of a belief that it would secure them Punya (religious merit), but due to a desire for social prestige and leadership in the community. This it was believed in turn would help them to expand business. Merchants spent for religious causes and, in return were rewarded by glorification in religious texts.

1.5 - THE POLITICS OF CHARITY
In turbulent times, merchants needed to be on the right side of ruling authorities for their own protection and for protection of their properties, religion and city. They also wanted to gain favors by
donations of hefty sums to favourite religious and social causes espoused by the rulers. Some of the charities practiced were:

a) Merchant Charity

Merchant fell into two main categories:

i) Giving for religious purposes.

ii) For purely secular objects, even though such gifts might have been enjoined by religious teachings.

b) Religious Charity

Merchants endowed temples and other religious buildings and/or paid for preserving and repairing them; contributed to the upkeep of monasteries and for the conduct of religious rituals, feasts and festivals; organized free pilgrimages for the members of their religion.

c) Secular Charity

Charity also took secular forms on the principle of noblesse oblige. Amongst the Chettiars, for instance, each family was expected to set apart a certain percentage of its profits, usually between a minimum of 1\64 and an average of 1\6 of the annual profits or income for charity. The amount allocated for charity was kept aside but could be used in business if necessary on payment of interest.

d) Individual Charity

Merchants contributed to charitable activities at two levels: individual and collective. At the individual level they gave alms to the poor and needy, arranged for their feeding, set up Pathshalas, constructed night shelters for the poor and travelers, built water tanks and bathing ghats, made provision for drinking water during summer, opened their granaries in times of famine, commissioned artists to
prepare religious texts and other works of art for temples, provided for dowries and marriage expenses for poor girls, etc.

e) Collective Charity
In addition, merchants also engaged in collective charity. A group of families, streets of people, or all the inhabitants of the town would collect voluntary offerings and present them according to need. It is recorded in one of the *Jatakas* that collective charities were organized in the city of Sravasti (in modern UP). Collective charity was made possible by imposition of rates and cess by mahajans, jamaats and panchayats to provide for the health, sanitation, education and general welfare of the people in their community. While the beneficiaries of collective charity were limited at times to members of a particular caste or community, at others, charity was extended to the whole town or village irrespective of caste. Such charities were particularly evident in times of famine or other distress situations.

2. BEYOND BUSINESS
There is a growing awareness today that the government alone cannot bear the responsibility for the development of India and that a variety of resources and talents need to be harnessed. Recent political and economic developments such as nuclear testing and its adverse fallout, economic reforms and globalization indicate that these will need to, and will, come from the private business sector. It is not only that the problems are vast and complex but also that government is frequently part of the problem. The role of the government itself is, therefore, being redefined. With fewer controls,
disinvestments and other measures, one of the principal beneficiaries is likely to be the private business sector. Consequently, there is increased expectation on the part of the government and the public that it will share expected surplus more equitably with the rest of the society and contribute more to national development. Such a development will be welcomed for a variety of reasons.

Not only does the government have severe crunch of resources at its command, but also the private sector, comprising of both - business as well as non-profit civil society organizations has distinct advantages over the government in certain matters.

Traditionally, support for creative or reformative action has come from private philanthropic funds, especially from business wealth. India has a venerable tradition of philanthropy, both individual and business and Indian legend and history is replete with instances of generosity from both sources. In recent years, many corporations are engaged in the development of communities and in finding solutions to national concerns such as population explosion, AIDS, environmental degradation and the like.

The business community’s contributions for social development are made in three different ways: through trusts and foundations set up by wealthy industrial families or by corporations; donations by companies directly to philanthropic work being carried out by individuals and organizations: and, operating corporate programs for rural development, health care, heritage conservation, promotion of art and culture and the like.

2.1 - PHILANTHROPY IN INDIA AND THE WEST

Prima facie, the reasons for the development of modern philanthropy in India appear to be the same as those in the West. Its outward
expression in the form of public trusts and corporate social responsibility programs also seems to bear a close resemblance to developments elsewhere in the world.

Yet, while there are undoubted similarities to philanthropy elsewhere, it is also a fact that the form philanthropy takes in any society depends uniquely on the society’s history, ethical, cultural and social traditions, and economic and political organization. While the trust or foundation is as popular a mechanism for philanthropic giving, in India as in the West, there is a strong preference for hands-on philanthropy or keeping operational control of philanthropic activities in the donor’s hands. Consequently, there are very few grants making foundations in India compared to the West, and most are what would be characterized as operating foundations.

The state has played a more critical role in shaping business philanthropy in terms of the space it has allowed the business sector in creating, returns, and disbursing wealth. Sometimes it has been positive, at other time it is very negative. Finally, religion has played, and continues to play, an important role in Indian business philanthropy, while in the West it has counted for less and less with corporate growth. In India, saints today, motivate many captains of industry, even, saint like figures, and gurus, such as Gandhi, Vinoba Bhave, Mother Teresa etc.

2.2 - FOUR PHASES OF MODERN PHILANTHROPY

The first shift was from a more or less purely ameliorative charity for religious reasons and causes during the pre industrial era i.e. pre 1850 towards the more western form of philanthropy in the period of 1850-1914. The period saw the beginnings of industrialization in India and like their counterparts in the West, the newly rich business families began to set up trusts and endowed a
host of modern institutions such as schools, colleges, hospitals etc. for the welfare of the society and the preservation and propagation of Indian culture. At the same time, they continued to contribute to older forms of charity such as building and maintenance of temples, dharamshalas and water tanks etc.

In the second phase (1914-1960) which was the golden period for both Indian capitalism and business philanthropy, there was a maturing of philanthropic practice. Apart from making political donations for the freedom struggle, business also contributed to many of the social and cultural causes associated with the movement such as revival of Indian art and culture, nationalist education and so on. They contributed liberally to programs under the spell of Mahatma Gandhi, such as removal of untouchability, woman's emancipation and rural welfare, etc. When India became free, the independent state looked to the business community to propel the country to a prosperous future. In the euphoria of independence, the business class, confident of its abilities, responded both by creating more wealth and utilizing it for non-business purposes.

The next shift came in 1960s, which ushered in an era of economic and political troubles and saw the business community operating under several constraints. The state also took on many of the obligations that were traditionally the responsibility of the society as a whole, such as education, care of the sick, relief in the wake of natural calamities and care of the destitute. It led to the corresponding decrease of interest in private philanthropy.

The 1970s thus saw a renewed corporate interest in social concerns and the new element emerged on the philanthropic scene i.e. corporate philanthropy as distinct from family business philanthropy. Spurred partly by the realization that supporting community development through philanthropic giving is in their own best
business interest and partly by the use of the carrot and stick method by the government, several business leaders began to advocate more social responsibility on the part of the business.

The post 1980 period saw an upswing in business fortunes due to economic reforms and other factors and with it, a re-emergence of self-confidence. It increased business willingness and ability to give to the public and meet the government expectations of business. This contemporary phase characterized by corporate citizenship has seen a further swing away from charity and traditional philanthropy towards more direct engagement in mainstream development concerns and in helping disadvantaged groups in society.

2.3 - DETERMINANTS OF PHILANTHROPY

For obvious reasons, creation of wealth has to precede its distribution, and capital accumulation and the availability of an economic surplus is the most fundamental requirement for philanthropic giving. In addition to surplus, sustained philanthropy also requires the passage of time and confidence in the security of one’s fortune, whether personal or corporate. The first priority of the neo rich is to accumulate wealth and to ensure its stability, not to give away as soon as it is made.

Several non-economic variables are equally important in determining the nature and level of philanthropy in a society. Among these are the religious and ethical traditions of the society, intellectual and social movements, the nature of government-business relations, and the legal and regulatory context in which philanthropy takes place. The intellectual and ethical traditions of society motivate people to give, but to flourish; philanthropy requires freedom of association and expression, tolerance of diversity, societal acceptance of the role of
private sectors in public life and a supportive legal and regulatory framework.

2.4 - PRIVATE WEALTH FOR PUBLIC GOOD

Charity: it is the oldest, the most familiar and popularly used term for altruistic giving and implies giving to the poor and to victims of calamity, man made or natural, to alleviate immediate distress, and need. It is not concerned with removing conditions, which cause that distress. It is generally linked to religious beliefs and teachings.

A phenomena common to all societies, its form and nature is rooted in the ethical notions of a particular culture. It therefore, differs in different religion and nations and even among the same people at different stages of their religious or political history. The renaissance, with its emphasis on rationalism and humanism, unconnected with religious belief, reduced the importance of religion in daily life. With the dissolution of monasteries and confiscation of religious properties, religious charity became scarce just when large number of people had been thrown out of work due to the break up of the feudal system and wealthy individuals, merchants included, had to step in to deal with destitution. The result was a secularization of charity. Action came to be guided by universalistic, ethical and legal norms instead of these related to religion, tradition and custom.

Industrialization led to further changes. With it the wealth and power of the feudal rulers decreased and that of businessmen and industrialists increased. The industrial revolution also brought in its wake unexpected misery for masses, even as vast fortunes were made by some. Though the state took over many of the welfare functions previously performed by private charity, there were still many needs, which it could not meet. It was left to the newly rich industrialist and businessman to step in and fill the breach.
Simultaneously questions were raised in many minds about the role of wealth and the wealthy, because with the development of economic science it began to be recognized that the community had a right to claim on individual fortunes. Community activities and public services were all seen to contribute to the production of wealth, which was not the result of the efforts of any one individual or a group of individuals. This raised fundamental doubt in terms of:

- Whether the fabulous wealth made from the industry was legitimate
- Whether the community had the right to some portion.
- Whether the rich, even assuming they were inspired by ideals of stewardship to part with their surplus, were qualified to use it in the best interest of society.
- Whether voluntary concessions and donations could rectify maldistribution of wealth and whether community or the state should have greater control on the utilization of wealth.

Andrew Carnegie in his article ‘Wealth’ argued that no system could maintain complete equality between the drones and the bees, that private wealth was necessary for achieving the best in literature, the arts and other refinements of civilization and that differential reward was necessary for progress. He said it was true that the capitalist as a class reaped far more than they had sown, and therefore, they owed it to society to return the surplus wealth, which was not their due. This surplus, he held, should be utilized for the betterment of fellow humans and enlightenment and progress of human kind.
3. SOCIAL RESPONSIBILITY OF BUSINESS: THE NEW PARADIGM

In West, around 1926, the concept of social responsibility of business became a subject of debate, when a British economist John Maynard Keynes noticed the "tendency of big enterprise to socialize itself". The debate was on whether the interest of society were better served by doing better business and passing on the benefits to the consumer or by philanthropic activities. The question being asked was: is the obligation of business to make better products available more cheaply and create higher living standards in a productive society, or is it to give more in charity.

Thus emerged the modern idea of managerial trusteeship i.e.; the company is to be managed for the good not only of the owners but also for the good of the economy and society. It was distinct from the traditional individual philanthropy of the wealthy being in charge of corporate wealth and in going beyond monetary contributions to social obligations and responsible behavior. Growing sensitivity to the social environment of business led management to seek new ways of identifying their companies with focussed efforts towards social improvement.

3.1 - FOUNDATION OF SOCIAL RESPONSIBILITY

According to Oliner Sheldon, a British business leader, the concept of Social responsibility is based on;

Awakening the social environment
Awakening of public interest in the inner workings of business
Demand of the workers for more leisure time and increased opportunity for self-development.
A trade union or group of workers or political clubs are interested in working of companies around it; Problem solving by the management to obtain a proper balance between production and human areas.

3.2 - WHY SOCIAL RESPONSIBILITY?

Business units are creatures of society and must respond to social demands, contribute much to society. In the words of Stainer, "The managers of the biggest companies know that as a business gets larger, the public takes more interest in it because it has a greater impact on the community. The antenna of these managers is tuned to public opinion and they react to it. They seek to maintain a proper image of the company in the public mind. This leads to assumption of greater social responsibilities".

The social responsibility of business is needed to foster society and other integral parts of a nation. Some of the needs are:

1. To meet social needs.
2. Inadequate support and effort from the Government to meet the social needs due to number of reasons including the shortage of funds. Therefore, the private business should serve the society through its deployment of funds for the welfare of society.
3. Besides Government, business entities also provide social service to the society.
4. Public pressures on business to serve the society and community.
5. Environmental pollution reduction.
6. Public demand.
7. Equal employment opportunity to all races.
8. Women's liberation and
9. Regulating agencies

It is also observed that Corporate Social Responsibility of the business can contribute to the welfare of the society, since Corporates:

a) Meet the aspirations of the society.
b) Have significant influence on the social system.
c) Have obligation towards the society.
d) Corporates cannot consider business as a tri-partite venture, i.e., owners, workers and consumers, but it has become a multi-partite system.
e) Feel business is a part of society and community, and therefore, it has to serve the society in many ways.

It became clear to businesses that their survival and continued profitability depended on more systematic involvement in regenerating the local communities which went beyond customer relations. Some contributed to cultural organizations, others adopted schools, still others invested in housing and other community projects, and offered job, retraining or internship—all of it directed at the whole community. This new style of business giving for public benefit was 'corporate citizenship'.

The one major difference between the traditional corporate philanthropy and the newer concept of corporate citizenship is that, in the former it was the result of the personal interest or philosophy of the founder/owner of the corporation, in the latter it is the result of a considered decision by the board and is a part of corporate philosophy and action. A second difference is that it eschews the older practice of
endowing institutions in favor of programs of direct involvement in community development, and especially human resource development.

In the new paradigm, it is believed that philanthropic initiatives should help advance business interest through strategic alliances with marketing, government, R&D and human resources function. These business departments, it is believed, should support philanthropic activities which would benefit the community with all their resources, from management know how and technological expertise to allowing employees to volunteer for community work. The goal is to establish a dynamic relationship between philanthropy and business in which both complement each other.

Corporate giving is also considered an investment in future growth. Many Mac’s have realized that corporate contribution to social development programs give them a competitive edge over rivals. They see philanthropy as the best means of building friendships with government leaders, overcoming regulatory hurdles, capturing the imagination of the emerging middle class and opening a dialogue with host communities about how companies can meet their needs.

Philanthropy also provides the means of expression for all those spiritual, social and creative needs of individuals that government and the commercial sectors cannot satisfy. Success in business or any other field does not always fully satisfy the demands of the spirit. Philanthropy has to do what government will not, or cannot, or because of its size and nature, should not. Experiments are best made by private institutions on a smaller scale before public funds are committed in large amounts on schemes, which are not as yet proven.

Some see philanthropy as a tool to make amends by those who had acquired wealth dishonestly; others object to the patronizing
attitudes and unequal relationships between the giver and receiver which they believe is implicit in charity and even philanthropy. They believe that the poor and needy have a right to a portion of society’s resources and the transfers should be through the state agency without any feeling of obligation to the donor, as is involved in philanthropy.

The recent trend of ‘commercialization’ of philanthropy by blurring the line between philanthropy and sponsorships or cause related marketing, is also troubling to those who believe true giving should be without exception of a quid pro quo. Sponsorships or cause related marketing is becoming increasingly popular among corporations as a way of contributing to charitable causes. The amount spent on sponsorship through the marketing and public relations budgets are, reportedly, several times more than direct contributions or expenditure on company programs on community improvement. While the essence of philanthropy is absence of quid pro quo, cause related sponsorship is a business, and not a charitable transaction. Through sponsorship, the donor-sponsor receives immediate and direct publicity in return for his contribution, in contrast to the more intangible and long term goodwill derived from either direct giving or giving through company trusts.

It also cannot be denied that the instrument of philanthropy has been misused by the unscrupulous wealthy to evade taxes, to benefit their own friends, relatives and dependents, and to get advantages for their business.

While not disparaging philanthropy or its benefits as such, there are those who believe that it is the responsibility of the state to provide for the socially distressed and needy, and that philanthropy can, at best, play a marginal role in this respect. The companies even with the most
charitable instincts, the amount raised for philanthropy is infinitesimal compared to government resources. The American experience shows that ever increasing contributions to community chest and other charitable organizations does not end the need for substantial welfare programs; nor can private aid to higher education or arts reduce the need for federal expenditure in that field.

3.3 RELATIONSHIP BETWEEN SOCIETY AND BUSINESS:

As mentioned earlier, business is a sum total of activities pursued with a purpose to produce and accumulate wealth through the production and exchange goods and services. Through such process, it earns profit and acquires wealth. It receives various inputs and factors of production and converts these into finished goods to supply to the consumers. It earns profits from the society/consumers. Since business thrives on profits earned from the members of the society, it has to part with some profits for the welfare of the society. Earning profits is not the sole aim of the business but welfare of the society is. Business should create utilities, goods and services, welfare activities to society, profit motive, etc., but profit motive should not be the total objective. In simple words, a business concern should serve the society with its quality goods and earn profits to meet its various organizational needs. Both these should go hand in hand, if not equally.

Since business activity is in the society, it has responsibility to society and such responsibility is calls social responsibility of business.
3.4 - PROFIT VERSUS SOCIAL OBJECTIVE OF BUSINESS

Profit earning is the main objective of every economic activity. A business unit is an economic activity, which has to earn profits to cover up costs of production, create surplus for expansion and diversification. Survival is difficult with profits. In other words of Urwick, "Earning of profits cannot be the main objective of a business any more than eating is the objective of living". Profit earning is the objective of business and not profit maximization. Profit making is essential due to a number of reasons, namely;

1) Incentive
2) Survival
3) Growth
4) Measure of Efficiency and
5) Social Welfare etc.

Profits help in fulfilling social goals. A business unit is expected to serve various segments of society such as labour, consumers, community, human being, owners, creditors, Government, environment, etc. All these are possible only when business earns sufficient profits. Earning of sufficient profits is necessary but profit
maximization is undesirable. In the words of Peter Drucker "The problem of any business is not maximization of profits, but the achievement of sufficient profits to cover the risks of economic activity and then to avoid loss". Thus, a business unit should earn profits not only to survive and grow but also to meet the social responsibility towards various segments of society namely owners, customers, creditors and suppliers and Government.

3.5 - DEFINING SOCIAL RESPONSIBILITY

According to the US based Global Business Organization-Business for Social responsibility, corporate responsibility (or Corporate citizenship) means, "Operating a business enterprise in a manner that consistently meets and exceeds the ethical, legal, commercial and public expectations society has from business"

In short, corporate citizenship typically means doing right by the community, consumers and your employees.

Corporate social responsibility encompasses an organization's commitment to behave in an economically and environmentally sustainable manner, while honoring the interests of direct stakeholders.

Social objectives of business are otherwise called 'Social responsibility of business'.

According to Browin, H.R.,
Social responsibility is defined as, "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society". Business entity is expected to undertake those activities, which are essential for the betterment of the society. (Pushpa Sunder, Beyond Business – Tata Mcgraw Hill, 2000, Page 37).

In the words of Stonier,
"In real sense the assumption of social responsibilities implies recognition and understanding of the aspiration of the society and determination to contribute to its achievement". The responsibility of the business is to understand the needs and requirements of the society and thus direct its energies to fulfill them. Business should undertake anything that is in favor of society. Business and society co-exist.

3.6 SOCIAL RESPONSIBILITY OF THE CORPORATE SECTOR

The study of the Corporate profiles, the practices followed by them, it is observed that Corporates are socially responsible for the following:

A. Core Consensus
   ① Obeying major laws.
   ② Human treatment of employees
Honest, truthful and fair dealing with other enterprises, consumers and employees
Truthful financial reporting
Providing reasonable quality and quantity of products or services for the price negotiated by parties
Providing a fair return on investment to shareholders through profits
Equal employment opportunity for entry level jobs

B. Majority agreement among most industry groups:
InternOal accounting of capital expenditure budgets for major expenditures, including those for social benefits.
Obeying laws, for example, restricting pollution, abolishing unsafe practices and sale of harmful products, establishing minimum wages and so on.
Complete truthfulness in advertising.
Harmless products and services.
Harmless production processes to local communities in which they are active.
Employee benefits that assure family health, security and welfare during employees’ working life.
Contribution to local charitable causes in cash or kind or both
Equal employment opportunities to all communities and both sexes.
Recording and reporting social responsibility actions.
C. Minority Agreement among industry groups:

- Equal employment opportunities to various races, at all levels, sexes regardless of difficulty and costs.
- Improving the local environment by reducing pollution.
- Improving the quality of life of employees, consumers and local residents by all means.
- Actively pursuing improved social justice and quality of life for all by direct actions concerning customers, suppliers, lessees and other groups that are affected by the company.
- Measuring, recording and publishing detailed descriptions of social benefits and costs and social assets and liabilities on a regular basis in the annual financial reports.

D. Three levels of Corporate Social Responsibility:

The corporate social responsibility can broadly be classified into three levels, namely;

Level 1: "Business has the responsibility to make a profit while dealing fairly and honestly".

Level 2: "Business has a responsibility to society with respect to its employees and products, and a responsibility to mirror the ideals and values of the society within its own microcosm".

Level 3: "It is a primary obligation of business to use its power to promote social ends perceived as moral".

### E. Corporate social responsibility of the business towards stakeholders:

The table describes the realm of corporate social responsibility in a nutshell towards its stakeholders:

<table>
<thead>
<tr>
<th>No.</th>
<th>Stakeholders</th>
<th>Responsibility of business</th>
</tr>
</thead>
</table>
| 1   | Equity Shareholders (owners) | ✨ Fair and adequate rate of return. Steady capital appreciation to the shareholders for their investments.  
        |                          | ✨ Regular and up to date information about working of the company.                         |
|     |                         | ✨ Maximum disclosure about progress and achievements of the company.                       |
|     |                         | ✨ It must ensure planned growth, solvency and optimum utilization of the resources.        |
| 2   | Employees               | ✨ Higher wages, security of job, full employment, better working conditions, opportunities for self development and promotion, social security, welfare, grievance settlement process, sharing of excess profits, job satisfaction, healthy trade union practices. |
| 3   | Consumers               | ✨ Quality goods and services at reasonable prices.                                         |
|     |                         | ✨ Regular supply of high quality products and services to consumers.                       |
|     |                         | ✨ Managers must meet the needs of the consumers of different classes, tastes and with different purchasing power at the right time, place, price, and in right quality. |
|     |                         | ✨ Business has to protect the consumer's interests at any cost.                            |
|     |                         | ✨ Honest advertisement.                                                                    |
|     |                         | ✨ Right weight of goods.                                                                  |
|     |                         | ✨ Business must handle the complaints of the consumers more carefully and efficiently.     |
| 4   | Community               | ✨ Respect human rights.                                                                   |
|     |                         | ✨ Promote human development through harmonious relationship between business and other segments of the society like; schools, colleges, free hospital and medical facilities, social integration, protection of local cultures, charitable donation
<table>
<thead>
<tr>
<th>No</th>
<th>Stakeholders</th>
<th>Responsibility of business</th>
</tr>
</thead>
</table>
| 5  | Suppliers    | Fairness and truthfulness in all activities including pricing, licensing to sell and rights to sell.  
|    |              | Ensure business activities are free from litigation.  
|    |              | Develop long term stability in relationship.  
|    |              | Pay the suppliers on time and provide requisite information on time.  |
| 6  | Investors    | Disclosure of all information about the affairs of the company.  
|    |              | Conservation of assets by way of protection.  
|    |              | Respect investors’ requests, suggestions etc.  
|    |              | Timely payment of all dues.  
|    |              | Apply professional management to maximize efficiency.  |
| 7  | Competitors  | Foster and develop open markets for free trade and investments.  
|    |              | Promote healthy competitive behaviour.  
|    |              | Respect to both tangible and intellectual property rights.  
|    |              | Foster ethical means and methods in business.  
|    |              | Maintain healthy competition.  |
| 8  | Nation       | Use properly the national resources.  
|    |              | Work against pollution, pay taxes regularly and on time, proper assessment and right payment of taxes, abiding by the laws & respecting the Acts, environmental protection.  
|    |              | Respect community and citizens of the country.  |

4 - CORPORATE SOCIAL ACCOUNTING:

Accounting too has entered the phase of social responsibility at the corporate level. The primary responsibility of the Corporate Sector was to maximize profits for its shareholders and the directors had no authority to reduce profits or not to distribute profits for other purposes no longer holds good.

Corporate social accounting is a new buzzword, which has entered in the dictionary of Corporate Sector. The role of corporate social responsibility has assumed much significance today then in the past. While the business
community has welcomed the globalization, liberalization, there has been much criticism from other quarters since only a handful of people, industrial and business houses will benefit from this policy making poor more poorer. This has led to emergence of corporate social responsibility. Social audit attempts to measure to what extent corporates are discharging their social responsibilities. Social Audit is concerned with the social performance of an organization. There are different titles employed in preferences to the term 'Social Audit'. Among other terms, the widely used terms are: 'Social Statement', 'Social Report', 'Business Response to Social Priorities', 'Report on Corporate Social Policies and Actions', 'Socio-Economic Accounting', 'Social Accounting ', 'Social Responsibility Accounting ', 'Social Information System', 'Socially Responsible Accounting', etc.

Social Audit attempts to measure the extent to which the company has lived up to the ethical standards and its social objectives. It is a systematic approach for businesses to account for their social impact and the extent to which they discharge their public responsibilities. The publication of Social Audit offers the opportunity for stakeholders to pressurize the organization to change its practices or atleast to amend its declared principles in line with its practices.
5. MODELS OF CORPORATE SOCIAL INITIATIVES

Some of the cases of corporate initiatives are explained as under (in brief):

5.1 - PURE PHILANTHROPY - THE TATA’S MODEL:

This forms a small minority who has pioneered an involvement in projects that demonstrate a much-required sense of social purpose. Some years ago the Tata Iron and Steel Company (TISCO), the country’s premium steel making company in the private sector, set up a separate body called Tata Steel Rural Development Society for community service in thirty two clusters of villages around Jamshedpur. Today, the Society operates in 600 villages in eight districts in Bihar, Orissa and Madhya Pradesh. It is turning these areas by developing sources of water both for irrigation and domestic use, helping farmers to adopt improved methods of cultivation and animal care, construction of school buildings, promotion of rural industry and entrepreneurship, adult literacy empowerment of women, rural sanitation and other health care facilities.

5.2 - “QUID PRO QUO” THE CADBURY’S WAY:

Cadbury's were stifled by prohibitive tariffs on Cocoa beans. They recognized that the small scale coconut farmers in south India too had problems. The farmers were frustrated by their crops once-a-year low yield. So the chocolate giant agreed to assist these farmers grow
the new crop. The farmers were able to cultivate cocoa beneath their traditional crop. This improved the income of the farmers. The farmer also retained the right to sell their crop to other manufacturers. Meanwhile Cadbury strengthened its position within a key market. Thirty years down the line, this scheme continues to be the best way for the company to secure raw materials in India.

5.3 - COMPANY SHARES ITS EXPERTISE – RANBAXY.
Ranbaxy, the pharmaceutical giant, set up the Ranbaxy Community Health Care Society in 1980, with a view to taking health care to the villages close to each of the company’s plant locations. The Society operates five mobile health care units from Delhi, Dewas in M.P., Paonta Sahib in Himachal Pradesh and Mohali and Beas in Punjab. Each unit is manned by a doctor, health visitors and a pharmacist. In the last decade, the health centres have treated over a million and a half children, covered over 20,000 couples under the family welfare program, and administered vitamin A prophylaxis as an anti-blindness measure to about 40,000 children. The Society is now planning to set up family welfare centres for slums in the cities.

5.4 - COMPANY DOES IT PRIMARILY, FOR ITS OWN EMPLOYEES.
RPG Enterprises is a conglomerate of more than 30 companies. Its flagship company is Ceat Tyres and the group’s turnover this year was Rs. 6,400 Crores. It associates social work primarily as an opportunity to improve the living conditions of its employees. Community Development is an ongoing exercise at Harrison Malayalam Limited and it covers nearly 500 villages in Kerala. The activities include providing education to the employees children and providing health
facilities to the employees and their families. Other centres being covered include Cemat factories in Nasik and at Bhandup.

5.5- SOCIAL ACTIVITIES IS A FORM OF COMPENSATION
This is a very popular model in case of industries, which cause a lot of environmental pollution such as chemical and fertilizer factories. These companies find that their activities affect adversely the life of the nearby inhabitants and hence, they try to compensate the residents. Partly this is also enforced by Government regulations. E.g. RCF follows this scheme to project a good corporate image.

5.6 - COMPANY CONTRIBUTES ITS SERVICES:
Typical examples are advertising agencies who release ad campaigns in social and public interest. The most recent instance was of ads being placed which urged the Indian voter to exercise his right of franchise.

5.7 - CAUSE RELATED MARKETING:
It is a new form of corporate promotion based on the rationale of profit motivated charitable contributions. Companies use cause related marketing as a way to motivate socially aware consumers to buy their products, the cause becomes the peg to which a promotional program is linked. This form of marketing is known to increase sales and market share, boost employee morale, enhance corporate and brand image, and generate goodwill and positive publicity. While some companies point proudly to their cause related marketing programs as examples of corporate philanthropy, critics say that the companies often spend more in promoting these programs than they spend on
actual contributions to the associated cause. There are also concerns that the non-profit organizations social mission may become lost through the commercialization of their corporate fund raising affiliations and that potential donors may feel that they – and the affiliated charities – are being exploited.

It is revealing to note that corporate contributions to a cause related marketing program usually comes from the company's promotional budget, rather than from its philanthropic budget. Cause Related Marketing is designed to promote goodwill and to increase sales and market share. The contribution to the cause is simply the cost of obtaining these objectives. It is a Strategic Marketing practice which links a company or its brands to a social cause. Temporal and technical brand USPs can be copied in a jiffy in today's parity world. But no one can usurp the goodwill, relationship and sales built by getting in a consumer to participate in a cause. That's an inimitable USP; an 'extra-value' brand proposition that transcends scaling consumer cynicism toward ad-libbing. A classic case is the Whisper's Project Drishti. The Procter & Gamble brand earned consumer and trade goodwill in keenly competitive times by promising to donate RS. 1 per pack sold to the National Association for the Blind for sight-restoring operations for blind adolescent girls. Moreover, P&G employees are also supporting the cause. This is 'corporate strategic philanthropy' since its monies stem from corporate marketing budgets, not contribution budgets.

Here consumer participates in alleviating a social issue. They buy two things: the product benefit and the feel good of "I am giving and participating" more than you are helping'. This is actually philanthropy, which is transaction based; it goes beyond saying I am a responsible corporate citizen so you can buy from me. The 1999 Cone/Roper Cause Related Trends Report has brought out clearly that
Cause Programs affect a company's bottomline by increased sales. In less tangible ways, it adds to increased loyalty and employee pride. Big plus: the consumers that companies want to reach most—the socially and politically active trendsetters—are very receptive to companies meshed with a cause.

In short, a cause must be local/localised, segmented to motivate individual consumers. Concern must centre on improving quality of life at local level. It must ripple out-ward from family, to friends and community. Only topics like war and calamity work on a national plane. Corporate Sectors like Jet Airways donating one percent of ticket proceeds on the Bombay - Calcutta route to Mother Theresa’s social work has touched the Bengalis heart. And Bajaj scooters have contributed by developing the facilities at the community level.

The major negative impact of CRM is that it does not directly market the Brand’s benefits; so, if the cause isn’t a good one or relevant to the target consumer, or if the execution is shoddy, the money would have been badly spent. It can adversely affect the Brand’s image.
The acceptability of cause Programs as a business practice has increased 8% since 1993. It's becoming a big factor in purchase decisions globally.

Some pockets of urban intelligentsia however feel that companies are making capital out of misery though the average person feel good to be contributing.

8 in 10 consumers have a more positive image of a firm which supports a cause close to their heart.

About two thirds say they would most likely switch to brands or retailers with a mission.

About 87% of employees of 'cause' firms display a strong sense of loyalty to their employer.

Receptivity to CRM is greatest among those who make major purchase decision - 19-49 age group.

Heart-sell pushes buttons for slots like pharma, liquor, cigarettes etc. which can't be advertise their brands in traditional media. Dr. Reddy wields brand loyalty by donating 3% of net Realization value on domestic sales of anti-cancer drug Doctere to the Cancer Patients Aid Association. Here, Cause Related Branding serves as a good launch pad for a brand and build a strong entry barriers against competition. In pharmaceutical, it can change the perception of the industry from a money-spinner to a caring business. Even Doctors have welcomed the move to contribute for a noble cause. The marketing team has observed a higher Brand recall for this drug since the launch; the cause has imparted an extra-value proposition to the
brand. On the flip side, it's an overhead and can be a recurring expense.

"Final take: Choose the most motivating cause for your consumer segment."

6. MODELS OF LINKAGES

While it is premature to have fully developed models of Corporate linkages with VSOs in the field of social work, some have already emerged. Some of the models of linkages are:

➤ MODEL 1: BUSINESS CREATES A NON PROFIT ORGANIZATION

This is the model that Land O' Lakes has used. Land O' Lakes is a dairy co-operative in the north central part of the US. Its members are socially conscious and wanted to return some of their profits to a worthwhile cause. They created a non-profit branch that works to create co-operatives and other community organizations worldwide. Initially the non-profit organization was not viewed as a business related activity but it is now considered important to Land O' Lakes overall success to have healthy productive people in the places where they sell their products. Because it has given Land O' Lakes such a positive reputation worldwide, in many cases, activities supported by the non-profit have led to new business opportunities. People trained in non-profit activities have been hired by the business when it expands into that country. Shell Oil Company and Monsanto are therefore forming their own non-profit community development branches.
MODEL 2: VOLUNTEERISM

A number of organizations promote Volunteerism as a charitable activity and many businesses encourage their employees to contribute their skills for neighborhood activities. What has not been documented is the business advantage of Volunteerism. Anecdotal information suggests that some kinds of volunteer activities can be very good for business. Volunteers in overseas Co-operative Assistance (VOCA), Volunteers in Technical Assistance (VITA), the Citizens Democracy Corp (CDC) all are mechanisms for U.S. business people to work overseas for a short period of time. During these visit they assist a local organization or business with a problem but they also make contacts and gather information on new markets and local business issues. Project sustain sends senior officials from the food manufacturing and processing industry overseas to work on the technical problems but many return with new business ideas and contacts. These programs may be especially useful for small to mid-sized businesses that cannot afford to send representatives overseas to scout out new markets and make business contacts.

MODEL 3: GRANTS

Corporations have a long history of grants to development organizations. This is the old philanthropy model that is used by many U.S. businesses interested in being more socially responsible. Many of these grants would be considered welfare projects in that they are one shot donation. Others are more development oriented and try to create a sustained program of self-help but the corporation is not involved in the implementation of the project. Coca-Cola has given grants to Project Hope to build schools in China. Eli Lilly donates insulin to a partnership between hospitals in La Crosse, Wisconsin
and Dubna: Russia for a community based diabetes management program. Merck donates Mectizan to prevent river blindness. Corporations are much more strategic in their grant making now and see them as an important business strategy and entry into emerging markets.

➤ MODEL 4: COKE
In Mexico, Coca-Cola had difficulty distributing its product in crowded urban slums. They hired youth to distribute the product on specially made carts, which were sold to the distributors and paid for in small monthly payments. Unemployed youth found jobs and Coke got its product into difficult to reach markets. When someone joked that it would be nice if it were as easy for mothers to get ORS, VSOs approached Coke and used the same vendors to distribute ORS packets to shopkeepers. Now it really is as easy to get ORS as to get a Coke.

➤ MODEL 5: THE NGO AS ENTREPRENEUR
In Quito, the Foundation, Mariana de Jesus is a construction company that is noted for its very high quality work. The profits from constructing homes for the wealthy go to subsidize inexpensive housing for the poor. The company also trains people in the building trades. The sustainable Development services Project of UNSAID is working to help NGO's become more entrepreneurial through income generation, cost recovery, and business ventures.

➤ MODEL 6: SUB-CONTRACTS
Some Manufacturing companies subcontract for home based activities such as cutting fabric for clothing or leather for shoes. In India, the
Myrada project works with wholesalers of incense, grass mats, raw silk, chapatis, spice packets, student note pad assembly and school uniform sewing. Many VSOs around the world contract with larger businesses for the production of raw materials or semi manufactured goods that are sold to wholesalers and distributed through retailers.

7. EXISTING CORPORATE PRACTICES - A BIRD’S EYE VIEW: CASES

In order to understand the corporate practices towards social responsibility, the researcher had undertaken a survey of some of the corporates in Mumbai. The practices followed by the corporates are given below:

<table>
<thead>
<tr>
<th>I - RPG Enterprises</th>
<th>Established as a group in 1988.</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is a conglomerate of more than 30 companies.</td>
<td></td>
</tr>
<tr>
<td>Flagship company - CEAT Tyres.</td>
<td></td>
</tr>
<tr>
<td>Group Turn over for 1998-99 – Rs. 6400 crores.</td>
<td></td>
</tr>
<tr>
<td>Contact Person - Mr. Atul Takle</td>
<td></td>
</tr>
<tr>
<td>Designation - General Manager (Corporate Communications)</td>
<td></td>
</tr>
<tr>
<td>Phone No. – 498 4181</td>
<td></td>
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</tbody>
</table>

The company is a Pvt. sector entity working primarily in the areas of service sector, industrial goods and retail outlets. The company has incorporated the following in Mission/Vision statement. The company believes in Corporate social responsibility as it improves the corporate image and enhances the well being of its employees. The company’s social activities are primarily focused on its own employees
as it ensures a high level of motivation and commitment and also boosts productivity.

It has in the past covered areas of child labour, blind and women. It has made donations to educational institutions such as IIT Kharagpur and IIT Delhi.

One of its companies, Harrisons Malayalam Limited works in the area of child labour and women welfare at its Bhandup and Nasik plants as well as at other places. CEAT has also organized a blind rally in association with National Association of Blind. The Funding comes from the percentage of the profit.

Mr. Takale believes that a corporate should be socially accountable as we live in a society and we have responsibilities, which we accept as a member of the society. Accountability is therefore inevitable. However, he says that RPG would not like to tom-tom the fact as that makes the group vulnerable to being approached by other NGOs for fund.

RPG is open to the idea of social audit. Mr. Takale believes that networking would provide credible information about VSOs and also ensure accountability. He feels that Corporate, VSOs and volunteers in similar field should be a part of the network. He would like to share with the VSOs the group’s social objective and it’s expectations from the VSOs. He would like to have information about schemes/programs taken up by VSOs and a feedback on these programs. He is willing to contribute a maximum i.e. Rs. 5001 + p.m. to become a member of the network.
II - Mettler Toledo India Pvt. Ltd.

Year of establishment – 1998
Managing Director- Andreas Wernle
Person contacted – Vinayak Padki
Designation - Assistant Manager (HR)
Phone No. – 857 0808

The company is a private sector industrial goods company. It understands the importance of corporate social responsibility. But Mettler Toledo started its operation in India only about a year ago and is currently going through a gestation period. It expects to break even in about two year’s time. Only after that happens, will it be in a position to actively contribute to the social causes.

In future, it would be interested in supporting social causes in the areas of education and health. It would extend financial and professional assistance.

III - Wyeth Lederle Limited

Year of establishment - 1947
Person contacted – Mr. Prakash Shanware
Designation - Director (HR)
Phone No. - 493 5211

The company is a multinational pharmaceutical company. It believes in corporate social responsibility as it is part of the society and so should contribute towards the well being of the society. It primarily works for the welfare of its workers providing them with medical care, accident insurance and educational assistance for their wards. It promotes the message of safety and clean environment to the community at its Valsad factory.
It thinks that networking will allow one to learn from other people’s experience and encourage one to work harder. It feels that following people should be the part of a network – Corporate, VSOs, Government and local bodies working in similar field. But the company won’t share its information, as the company’s policy does not allow it to disclose any information.

<table>
<thead>
<tr>
<th>IV - Rashtriya Chemicals &amp; Fertilizers</th>
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<tbody>
<tr>
<td>Managing Director</td>
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<tr>
<td>Person contacted</td>
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<tr>
<td>Designation</td>
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<td>Phone No.</td>
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</table>

RCF works as a catalyst in doing social work. It leverages its reputation to get things done. RCF works in the same area of community development then all groups of society, be it women, children or handicapped person are benefited by RCF’s work. They work in the region their market presence is high e.g. Maharashtra, Punjab, and Andhra Pradesh. They have two committees one at village level and other at district level. The village development and implementation committee meets monthly with sarpanch of the village as its head is entrusted with local development.

The district advisory committee meeting is held bi-annually. The head of this committee is the chief of Zilla Parishad. The Zilla Parishad chief along with the RCF- district in-charge tries and identifies priority areas where work needs to be done. RCF work for tribals near Nasik where they supply Bullock-Carts and Oil Engines to them. They
arrange the finance, locate the suppliers and give the bullock-cart to the tribals.
They also arrange coaching classes for group of children appearing for the class tenth and twelfth examination. Near Kolhapur, Satara, and the sugar belt in the surrounding area RCF has done a considerable work to enhance the Dignity of the Devdasis. RCF has trained them in stitching of sweaters, carpets and saris. They provided the infrastructure and machine, got building built and hired instructors to train them. The Devdasis are making about 20 Lacs per annum after selling of the goods.
RCF also conducts soil analysis of the farms and advises the farmer about the type and quantity of the fertilizers to be used depending on their soil fertility level. Thus, we see that RCF is committed to the social work even if the beneficiaries are not the direct or potential customers.
They are interested in the concept of networking and are willing to contribute the maximum to be a part of the network.

<table>
<thead>
<tr>
<th>V - B P C L</th>
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<tbody>
<tr>
<td>Managing Director</td>
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<tr>
<td>Person contacted</td>
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<td>Designation</td>
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<td>Phone No.</td>
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</table>

B P C L is one of the nine Navratnas among the PSU companies. It has a refinery at Mahul village near Chembur. It is actively involved in social welfare. It believes in giving back to the society. It has a social welfare department, which decides the amount that is to be spent. Social workers who are implementing the programs are not employees of the company but are paid an honorarium for their work.
The company generally adopts villages for community development. At present, it has adopted a village at Karjat where it is working with the Karjat Gaon Sudharak Mandal. The major initiatives taken by them are as follows:

- Built a community hall.
- Conducted three cataract camps and six medical camps.
- A medical dispensary having a doctor and nurse has been established.
- 100 solar cookers and 1000 modern chulhas were distributed to the villagers.
- Fertilizers such as Urea and Suphala are distributed to 200 villagers since the last two years.
- Regular tree plantations drives are conducted.
- Adult literacy classes are conducted.
- Veterinary camps were held twice where 600 cattle were examined and given medical treatment.
- Apart from this, BPCL also conducts counseling for its employees.

The areas covered are as follows:

- Irregularity and job absenteeism.
- Alcoholism
- Marital conflict and divorce reconciliation.
- Family conflict.
- Debt and financial problems.
- Medical problems.

They have counseled about 450 employees in the last three years. Out of which 465 % employees have been successfully rehabilitated.

They are interested in the concept of Networking and are willing to contribute the maximum to be a part of the network.
VI - H P C L

Year of establishment - 1954
Managing Director - Mr. A. L. Zutshi
Turnover - Rs. 26,000 crores
Person contacted - Mr. Pravin Joshi
Designation - Personnel and Administration Officer
Phone No. - 556 2830

H P C L was founded in 1954 by merging Esso and Caltex. It has 11000 employees. It is actively involved in social work. It has adopted many villages over the last few years. Recently it donated Rs. 15 crore for the Kargil cause. The head office decides on the social welfare budget. There are four zones and each zonal head is given a part of budget amount. He further distributes the funds to the branch heads at his discretion. The branch heads in turn decide on the priority areas in their region and the projects on which they should work. Currently the outlay for social work is Rs. 3 crore per zone.

For instance, it has adopted villages such as Zhawar, Wada in Gujrat for community development. They have also adopted marginalized section of the society such as the tribals. They conduct eye camps, medical check up camps and camps for physically handicapped people. They have also constructed Borewell, set up small-scale industries and do plantation work.

They consider corporate social accountability as an obligation as they are a public sector unit. They are not interested in the concept of networking as they have the resources and the organizational strength to carry out the projects independently. They are guided to do so, as it's a part of company's policy.
The company is a private sector concern and has multiple division. It believes in corporate social responsibility, which is a commitment that a company makes to the society. Some of the projects taken up by the company are discussed here. It has provided basic education in computers to the children around its factories, which are at Deonar, Pritampur, Hyderabad, Thane, Gadag etc. It is also setting up a Cyber centre. It has also carried out a project named *Neha Vita*. The project was undertaken since last 2 years is a Vitamin A prophylaxis against blindness at all the places where it has manufacturing activities. It is closely working with a blood donation bank and has a detailed list of employees willing to donate blood. Currently this is operational only in Mumbai but it will be soon extended to other cities. The group cares for environment and has planted over 1 Lac trees near its factory.

The company believes in networking, as it will make a whole approach towards social activities a lot more professional. Further, all the parties involved will also be more accountable. It is keen to become a member of the proposed network and is willing to contribute the maximum.
VIII - Hotel Corporation of India
Year of establishment - 1976
Managing Director - Mr. Shanu Mukherjee
Person contacted - Mr. Iyer Subramanian
Designation - Senior Personnel officer.
Phone No. - 615 6660

The company does not significantly involve itself in the area of social work its sole contribution towards society has been the policy to provide the excess food which is remaining after parties to the charities and missionaries who work for the poor and downtrodden. It is not interested in becoming the part of the network.

IX - S. Kumars Synfabs Ltd.
Year of establishment - 1950
Managing Director - Mr. Nitin Khasliwal
Turnover - Rs. 500 crores
Person contacted - Mr. H. K, Sharan
Designation - Vice President HRD.
Phone No. - 493 0180

The company is not currently involved in any organized social work. But it would be interested in being a part of the network and to initiate some form of social work. It is interested in the area of education – from primary to adult, health. It would provide financial assistance and involve its line managers. It is willing to contribute the maximum to be a part of the network.
X - Wockhardt Ltd.

Managing Director - Mr. H. F. Khorakiwala
Turnover - Rs. 700 crores
Person contacted - Mr. Sanjay Rastogi
Designation - Manager Personnel.
Phone No. - 495 1116

Wockhardt recently contributed Rs.13 Lacs to the Army Central Welfare Fund, which was set up in aid of Indian soldiers and their families. They also recently organized a blood donation drive, which was organized by Lions club of swagathan Chennai. The drive attracted nearly 100 participants. They have a joint venture with the Y.B. Chavan College of Pharmacy. They have even provided the college with computers and other lab equipment. They will be also providing on the job training to college students.

These are some of the activities that the company has carried out. But the company would not like to publicize this information for cheap publicity. The company believes in contributing to the social cause on an ad-hoc basis. Company is not interested in becoming a part of the network or working with VSOs.

7.1 OBSERVATIONS:

It is clearly seen from the above that Corporate Sector is interested in working towards social development, either directly or through a partner. At the same time, they are interested to work on a cause basis or on a long-term basis. This therefore, forms the platform for our research work.
8. FUTURE TRENDS

a) Evolving Corporate Relations with Communities

The emerging trends of the corporate relations with the communities are explained in the form of a table.

<table>
<thead>
<tr>
<th></th>
<th>First Generation</th>
<th>Second Generation</th>
<th>Third Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Philanthropy</td>
<td>Strategic</td>
<td>Community</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Philanthropy</td>
<td>Investment</td>
</tr>
<tr>
<td>Motive</td>
<td>Morality</td>
<td>Long Term Self-</td>
<td>Direct Self-</td>
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<tr>
<td></td>
<td></td>
<td>interest</td>
<td>interest</td>
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<tr>
<td>Strategy</td>
<td>Ad hoc</td>
<td>Systematic</td>
<td>Strategic</td>
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<tr>
<td>Staff</td>
<td>Administrator</td>
<td>Manager</td>
<td>Entrepreneurial</td>
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9. CONCLUSION

Business is an integral part of the society. Society expects business house to discharge honestly, the responsibilities and obligations to raise the standard of the community. Although profit earning is essential for the survival of the entity, it would spend certain amount of its earnings for the betterment of the society and community. It is the obligation of every business entity and decision-makers to take actions, which protects and improves the welfare of the society as a whole along with their own interest. Business entities exist within a social system and get facilities from the system. Therefore, business entities owe obligations for the society as a whole. It is obligation of the business organization to protect the interest of society since business management process goes far in determining the life in society. The business organization, in this context, should behave in various ways, namely;

(a) Maintain fair business policies and practices,
(b) Set up socially desirable standards of living,
(c) Avoid ostentatious and wasteful expenditure,
(d) Play proper role in civil affairs,
(e) Provide and promote general amenities and create better living condition in general and
(f) Frame various development programs for welfare of the society.
10. WHAT NEXT?

Globalization has let the western business to think internationally and on a bigger scale, not only in the economic sense, but also in the realms of philanthropy. It will take some time for internationalization of Indian business philanthropy since the issues more so on the domestic front will have priority. However, as we move into the global arena, Indian corporates are necessarily required to move with the focus on development of the villages, communities, awareness programs in and around their production units.

According to Dr. M. B. Athreya, a leading management expert the challenges thrown by globalization can be categorized into four main types of which two are given below (Pushpa Sunder, Beyond Business, Tata Mcgraw-Hill, 2000, Page 351):

a) Maximizing the positive social impacts by preparing the disadvantage to participate and share in the growth process.

b) Minimizing the social impacts by providing mini private safety nets to supplement the macro ones provided by government agencies.

This would mean corporates must have an agenda for social development with focus on linkages with stakeholders and the stakeholders include communities as well as VSOs.

With the above corporate perspective, the researcher has moved one step forward to understand the concept of volunteerism, role of volunteers and VSOs, which is also the ocal point of the research.