CHAPTER VI

CONCLUSIONS AND SUGGESTIONS

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CHAPTER - VI

CONCLUSIONS AND SUGGESTIONS

The preceding chapter discussed the main findings of the present survey and comparisons are drawn between the attitudes of Indian managers and that of their British counterparts on issues concerning corporate social responsibility. The purpose of this chapter is to give summary and conclusions on the basis of the findings of the present investigation. Some suggestions for further research have also been made towards the end of this chapter.

GENERAL CONCLUSIONS:

The concept of social responsibility has been discussed extensively during the past decades by the economists, political scientists, psychologists and sociologists. The idea of social
Responsibility is thus not a new one. However, new pressures to recognise social responsibilities have arisen in recent times in the developed and many developing countries of the world. The growth of larger industrial enterprises, the breakdown of joint family systems, the threat of pollution, growing consumerism pressures, greater affluence, persistent labour disputes and a changing and challenging social order have made necessary to re-examine the role of business in society.

A precise definition of the concept of social responsibility is difficult to formulate since it involves a series of subjective judgements which are extremely difficult to quantify. However, there are two opposing views between those for and against the assumption of social responsibility by business. Those who argue against corporate social responsibility see the main aim of the firm as profit maximisation and profit is regarded as the sole indicator of the success of a business. Those in favour argue that a firm is responsible to many groups besides owners— including employees and customers. Therefore, profit maximisation should
not be the sole objective of a business. Some profits should be diverted to social responsibility projects and this will lead to a greater ability to survive and to satisfactory long-run profits. However, between these two extremes, a current consensus appears to emerge that while profit is the company's most important objective the company should also have certain social objectives or minimum standards to serve the society.

During the past decade much research has been carried out on several aspects of corporate social responsibility. Some studies suggest that an increasing number of corporate managers accept the relevance of the notion of social responsibility in business (Monsen 1974, Wablay 1975, Harmon and Humble 1974, Melrose-Woodman and Kverndal 1976 Holmes 1976, Rockefeller 1974). Corporate responses to social demands have been extensively studied by Ackerman (1973), Eilbirt and Parket (1973), Buehler and Shetty (1976) and corporate responses to consumerism pressures were studied by Webster (1973), Aaker and Day (1972) and Moss (1972). Managerial responses to the challenge of urban affairs were
were studied by Cohn (1970) and McGuire and Parish (1971). Environmental issues were looked into by Bragdon and Marlin (1972) and Buehler and Shetty (1976). Managerial attitudes towards codes of practice were studied by Malrose-Woodman and Kverndal (1976) in a survey carried out for the British Institute of Management.

The studies reported here, however, suggest that a large part of this research has been carried out in the context of the prevailing business environment in the United States and Britain. No systematic attempt has been made to study the views of senior managers on issues concerning social responsibility in two distinct cultures namely India and Britain. Many have argued for comparisons to be made of managerial attitudes to social responsibility in two different societies since they suspect that socio-cultural influences will be strongly manifested in patterns of corporate social behaviour. Moksbach (1972) for instance, believes that culture affects the individual behaviour of managers and their basis for decision making, ethics, morality, degree of individual responsibility towards society, etc.
The aim of the present survey was to examine the attitudes of senior managers on issues concerning social responsibility in the light of direct comparisons between business organisations in two countries—India and Britain—which have very similar industrial and constitutional pattern but which have often been noted for their cultural and social differences.

It would be fair to confess that the findings of our survey may not represent the entire population of companies in India and Britain since the research was carried out particularly in the context of Delhi and District Ghaziabad, U.P., in India and West Midlands in the U.K. We suspect that more socially active companies in this field probably responded far more frequently than socially inactive ones. However, we are unable to state this suspicion quantitatively.

**SPECIFIC CONCLUSIONS:**

Strong similarities are noted between the attitudes as perceived by the Indian managers to those perceived by the British managers on issues
concerning social responsibility. For instance, a large percentage of Indian as well as British executives accept in general the relevance of social responsibility in industry and they tend to agree that business has responsibilities not only to the shareholders and employees but it also has responsibilities to customers, suppliers, to the society within which it is operating and to the State.

Most of our respondents—Indian as well as British—argue that it is very essential for firms to pursue social goals as well as profits. The executives believed that corporate social involvement will promote eventually a better relationship between industry and people, a good working environment, enhanced customer relations and enhanced corporate image of the company. Only a small percentage believed in the negative outcomes of corporate social involvement.

There is a strong similarity between the level of corporate activity as perceived by the Indian executive to those perceived by British executive in social responsibility areas. Nearly
all the responding Indian and British firms perceived that they are actively involved in corporate responsibility activities such as employment and training, medical assistance, contributions to education, quality control, design improvements, marketing improvements, customer information and education and customer service.

The findings of the present survey clearly indicate that the attitudes of Indian executives are similar to those of British executives on the use of legislation and codes of practice for implementing social responsibility. Most oppose more legislation and the use of codes of practice for promoting standards of social responsibility. This suggests that there is a widespread feeling in the industry in India as well as in Britain that in some areas such as employees and consumers the amount of legislation is quite extensive and this incurs a heavy cost for the company and proves counter-productive.

Significant similarities were also noted between the responses of Indian and British firms in respect of specific policy statements on social
responsibility, organisational changes to implement social responsibility and providing specific budget for corporate responsibility work.

The present survey revealed that a large percentage of firms—Indian as well as British—did not have a written policy statement relating specifically to social responsibility. Firms which have prepared a specific policy statement relating to social responsibility are few and also tend to be quite large. Similarly, a large percentage have not made structural changes to implement social responsibility. Firms which have made structural changes to implement social responsibility generally tend to be large. The majority of Indian and British firms do not provide specific budget allocations for work in this area. A relation was found between size of firms and allocation of budget for corporate responsibility activities. This relationship indicated that the proportion of companies providing specific budget allocations for work in this area was higher among larger firms than smaller ones. This holds true both in case of Indian companies as well as British companies. This suggests that in terms of structural changes, separate policy documents covering social responsibility and
providing specific budget allocations for social responsibility activities, corporate response was influenced in most cases by the size of the company. These findings raise a few questions which remain unanswered. For example, are the executives of larger firms more sensitive towards needs in this area? Is this because of the profitability and resources of larger firms, that they can afford to be more socially responsible? Or the giant firms may simply be the 'targets' of public criticism and thus find it necessary because of their dominance, to take concrete actions for social development programmes.

There is a strong similarity between the magnitude of problems as perceived by the Indian executives to those perceived by the British executives. The difficulties most frequently perceived by the Indian and British companies in implementing social responsibility were adjusting to legal requirements and changing prices.

The cost of social responsibility is seen as high and executives disagree with the view that a socially conscious corporation does not have
higher unit costs, for employees may accept lower wages and customers may pay higher prices when a company has the reputation for promoting the welfare of the entire community.

The present investigation indicated that a large percentage of executives disagree with the view that the problems of monitoring social responsibility are mainly due to the absence of agreed mechanisms by which companies can ensure that the policies are actually enforced. On the other hand a large percentage of Indian and British executives agreed that management should monitor social responsibility. Some had suggested certain mechanisms such as legislation, taxation incentive and social audit to monitor and control practice in this area. The exponents of 'social audit' believe that it would seek to help the process of decision by encouraging public reporting of performance in those fields of social responsibility which they believe to be generally recognised as important. Some would wish to make this reporting compulsory, others see it as a voluntary process by which the firm helps itself to understand how its performance looks to outsiders and to measure
the relative importance and cost of actions that are taken to implement social responsibility.

There is no evidence to suggest on the basis of this study that managerial attitudes to social responsibility would vary significantly in two distinct cultures. The research reported in this thesis suggests that cultural factors such as peoples' expectations on the essential nature of business firms will not significantly affect managerial responses to social responsibility in India and Britain. The managers in the two countries have very similar attitudes towards social issues which could partly be ascribed to size and other common contingent factors. The similarities in the attitudes of Indian and British executives towards social responsibility could also be interpreted in view of some of the similarities which commentators have noted between the industrial and constitutional structures of India and Britain.

The comparisons indicate that contingent factors such as size of company have some bearing upon corporate response to social responsibility.
even in culturally distinctive societies. This study gives a limited support to a contingency perspective of corporate social responsibility across different societies. Buehler and Shetty (1976) have also presented some evidence for a general support to a contingency perspective of corporate responsibility and they argue for the possible value of such analysis to those formulating corporate strategy and public policy.

Our comparison of data from Indian and British companies suggests that an extension of the basic contingency model through allowing for the impact of changing environment can provide a meaningful interpretation of similarities in the patterns of corporate social behaviour in the two countries—India and Britain.

SUGGESTIONS FOR FURTHER RESEARCH:

It would appear from the preceding discussion that opinions differ considerably in deciding what are the social responsibilities of business and what relative importance should be assigned to each of them. This is not a problem which can be
fully resolved by theoretical discussion since there is always room for further discussion about the nature of responsibility of a part of society towards other parts and towards the whole. In practice social responsibility has to be taken seriously if a sufficiently large and influential group considers it important even though the views of that group may be illogical and inconsistent with other views. A study of the views of several different groups in our society such as managers, employees, shareholders, customers, suppliers, environmentalists and the public at large would enable us to understand not only the views of various groups of people about social responsibility but also allow us to study the changes of these views over time.

It is, therefore, suggested that further study of the origins of ideas about social responsibilities of business and the attitudes of several different groups towards social responsibilities of business should be carried out;

The argument for social responsibility applies not only to business but equally to every
citizen, to every group and institution in society. It is unfair to single out business for attention when socially irresponsible actions by trade unions, government departments, local authorities, etc. may be equally significant. The social responsibilities of service industries and institutions such as banks, insurance companies, educational institutions, etc. should also be looked into. It is, therefore, suggested that further studies should be undertaken to examine the social responsibilities of service industries and institutions and to find out how these issues are viewed by the managers of service institutions and what concrete actions are being taken to implement social responsibility.

The findings of some studies have indicated that corporate response to social responsibility is influenced in most cases by the size of the company (Ackerman 1973, Eilbirt and Parket 1973, Bushler and Shetty 1976, Melrose-Woodman and Kverndal 1976). The present survey also found that in terms of structural changes, separate policy documents covering social responsibility, specific allocation to activities and company involvement in social
programmes, corporate response was influenced in most cases by the size of the companies in India as well as in Britain. Is it because of the dominance of larger firms that they make visible efforts to establish their image in this area? Or are the executives of larger firms more socially conscious towards needs in this area? This is clearly an area where further research might yield highly significant findings.

The findings of the present investigation indicated that executives disagree with the view that the problems in monitoring of social responsibility are mainly due to the absence of agreed mechanisms by which companies can ensure that the policies are actually enforced. On the other hand, some had suggested certain mechanisms such as legislation, company Board and 'social audit' to monitor performance in this area. The proponents of 'social audit' argue that this would help the process of decision-making by encouraging the public reporting of performance in those fields of social responsibility which are generally recognised as
important. But the problem here is that the necessary generally agreed measurement techniques are not available.

Further study could be conducted into methods of social accounting. This is an area of growing importance particularly to the accounting profession and one in which there would be an opportunity to help to develop practical reporting techniques.

Social responsibility can be imposed either by legislative intervention or can be developed within industry as an expression of social conscience of the individual. The findings of the present survey clearly indicate that a large percentage of executives—Indian as well as British—do not favour increased government legislation to enforce social responsibility. The executives argue that the amount of legislation in some areas such as employees, consumers and environment is quite extensive and such regulations impose a heavy cost. On the other hand some say that in the absence of generally agreed mechanisms to monitor social responsibility, legislation seems to be the only
way of furthering the cause of social responsibility. Thus, when one raises the issue of legislative intervention as a method of imposing social responsibility, it becomes clear that a great deal more study is needed of the areas appropriate to such intervention and of the methods which should be used. Also the implications of increasing government legislation in a developing economy like ours for the enforcement of social policies could be examined.

It is suggested that further study be conducted to examine some recent efforts to impose social responsibility by law in order to judge whether this method has been effective and what side effects were produced.

An intermediate step between reliance on the social conscience of each corporation and the use of legislation to implement social responsibility, is the use of 'codes of practice for promoting standards of social responsibility. The present investigation clearly indicated that a large percentage of Indian as well as British executives do not think written company codes are really
necessary and in practice the majority of companies did not have a written policy statement relating specifically to social responsibility. This is contrary to the findings of a survey carried out by Melrose-Woodman and Kverndal (1976) for the British Institute of Management. This survey found that the majority of companies were in favour of written codes.

It is suggested that further study be carried out to examine the significance of codes of practice as a method of promoting social responsibility.

The ideas about social responsibility can be promoted by education and training of managers. The way institutions work is much influenced by the corporate attitude of managers and more so now when management is said to be becoming increasingly specialised and professionalised. The individual characteristics of managers such as age, education and their religious background may have a determining influence on 'social profile' that the firm shows. A study is needed of the ways in which ideas about social responsibility could be influenced by the training of managers. Such
an investigation should enable us to determine in general the impact of individual characteristics of managers on their attitudes to social responsibility, and in particular, the effect of management education in creating greater social awareness in organisations.

Some studies, but mainly in the U.S., have indicated that many corporations have been committing their organisations towards social action programmes (Cohen 1970, McGuire and Parish 1971, Moss 1972, Aaker and Day 1972, Eilbirt and Parket 1973, Bushler and Shetty 1976). However, there is some evidence from previous studies to suggest that certain characteristics of organisation structure are barriers to socially responsible behaviour in a large divisional corporation. For example, Ackerman (1973) studied the responses of large corporations to social issues in the U.S.A. He discovered that there are three main factors that hinder social responsibility implementation in large corporations:

1. Social demands subvert corporate division relationships.
2. The financial reporting system used for measurement does not include social responsibility.

3. The process for evaluating and rewarding managers is not designed to recognize performance in areas of social concern.

We suggest studies should be carried out to investigate organisational barriers to social responsiveness in a divisional organisation. Such studies would be of immense help in identifying the factors that hinder the implementation of social responsibility in large organisations and those which necessitate a change in the existing systems of management.

SUMMARY:

The subject is a vast and complex one. During the past decade, there has been a growing interest in corporate social responsibility. However, there is still lack of empirical analysis concerning managerial attitudes to social responsibility in two cultures. The aim of the present investigation was to examine and compare managerial
attitudes to social responsibility in two countries, viz: India and Britain- which have a similar administrative and constitutional patterns but which have often been remarked upon for their social and cultural differences.

Strong similarities are noted between the Indian and British managerial attitudes to social responsibility. Most of the Indian and British executives accepted the relevance of social responsibility in business and felt that it is essential for firms to pursue social goals along with profits. Nearly all the responding Indian and British companies perceived that they are actively engaged in some form of corporate responsibility efforts. In terms of structural changes, separate policy documents covering social responsibility and providing specific allocation to activities, it was found that corporate response was influenced in most cases by the size of the company. A large percentage of executives- Indian as well as British, oppose strongly increased government legislation to implement social responsibility on the grounds that there is excessive
government intervention already in company affairs. Also a large percentage of Indian and British executives do not think written codes are really necessary. The cost of social responsibility is seen as high and the difficulties most frequently perceived by the Indian as well as the British firms in implementing social action programmes were adjusting to legal requirements and changing prices.

There is no evidence to suggest on the basis of the present study that cultural factors are likely to influence, significantly managerial response to social issues in two different countries. Comparisons indicate that contingent factors, such as the size of the organisation, have some bearing upon corporate response to social issues. This study gives a limited support to a contingency perspective of corporate social responsibility even across national boundaries.

In case of India which is wedded to democratic socialism, we suggest that business corporations should by and large practice and propagate the
"Social Responsibility of Management". This would help in eradicating poverty and improve the quality of our teeming millions. Individual charity and social responsibility of corporations should go hand in hand to deliver the goods to the nation.