CHAPTER - I

INTRODUCTION

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CHAPTER - I

INTRODUCTION

The concept of social responsibility has been discussed extensively during the past decades by the economists, business executives, political scientists, psychologists and sociologists. More than four decades ago Mayo\(^1\) (1933) argued that those countries whose businessmen turned away from just economic profits to more responsible goals would develop in a stable and secure manner while others would experience social disorganisation. Galbraith\(^2\) (1958) urged business and society to 'invest' in individuals in order to enable them to reach their personal potential thereby raising the level of the community in which they live, or at least

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enabling them to leave their immediate environment.

Walton (1967) in a description of social responsibility emphasises the "intimacy of the relationship between the corporation and society and realises that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals".

Nichols (1969) in a study of the attitudes to social responsibility of a group of British businessmen, summarizes the beliefs of the typical manager among his sample as follows:

"that economic prosperity, the furtherance of which is a common endeavour, is good in itself; that the businessman's role is to pursue it; and given the assumption that the company is essentially a cooperative organisation; that by facilitating the achievement of organisational goals the businessman himself is furthering the interests of all partners who give the company its existence".

Nichols suggests that the corporation is the great provider, the manager, the great coordinator.

all partners to industry are contributors and, given their interdependence, all are beneficiaries.

This 'organic' view of responsibilities thus sees no incompatibility between the firm's obligations to employees, customers and the wider community and orthodox policies of profits and growth. Such an outlook is in sharp contrast to the spirit of Charles Wilson's reputed remark when President of General Motors: "What is good for General Motors is good for America".

Votaw and Sethi⁵ (1969) argue that if up to now corporations have failed to respond to the challenges of a changing environment it is due to the fact that they have not recognised public values as part of their own because they still see the society as composed of independent sub-systems, rather than as a larger, unified system.

Friselden⁶ (1970) emphasises that corporations, if they are to survive, will have to be responsive to the needs of the society; they have a tremendous

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stake in solving the problems of employment as well as in community development and have had the potential for accomplishing the task. If is Frieldon's contention however, that this job can not be accomplished without the help of a new breed of questioning, creative and innovative members of the organisations.

Kolasa 7 (1927) in a discussion of the concept of social responsibility emphasises that "even though the field has been delineated in terms of business ethics, morality, values or- especially now- social responsibility, these terms have been used interchangeably to refer to the general feelings and behaviour called for in the promotion of the common good - The important and more difficult task is the translation of the constructs into real situations".

John Humble 8 (1973) believes that "social responsibility is one of the key areas of the business and is typically concerned with the external environment problems of pollution, community and consumer relations, and the internal environment problems of working conditions, minority groups, education and

training.

Rockefeller⁹ (1974) argues that in social terms, the old concept that the owner of a business had a right to use his property as he pleased to maximise profits has evolved into the belief that ownership carries certain binding social obligations. Today's manager serves as trustee not only for the owners but for the workers and indeed for our entire society— Corporations have developed a sensitive awareness of their responsibility for maintaining an equitable balance among the claims of stockholders, employees, customers and the public at large.

It follows that although there has been an increasing amount of discussion about the social responsibilities of business, but the concepts used are neither clear or universally accepted. It is, therefore, essential to define the terms to make the discussion of social responsibility more careful and rigorous. The present research is carried out to encourage this process, to discover managerial attitudes to social responsibility in two societies— India and

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Britain, and to suggest lines for future work.

DEFINITION OF 'ATTITUDE':

The term 'attitude' has been derived from the Latin word APTUS, meaning fitness. It connotes a mental state of preparedness for action and it is in this sense that the term is used here. In psychology, the term attitude meant primarily the study of the adjustment of individuals to changed conditions.

There has been a growing interest during the past five decades in studies concerning attitudes. "The concept of attitudes", says Murchison, "is probably the most distinctive and indispensable concept in American Social Psychology. No other term appears more frequently in experimental and theoretical literature". Certain other writers, for instance Bogardus and Folsom have emphasised its importance to such an extent that the study of attitudes, for them, is synonymous with the study of social psychology itself. For the study of the

Social behaviour of an individual two approaches are usually adopted: first, an approach that emphasises the social perceptions of the individual—how he perceives other persons and events. Secondly, the approach that takes into account the individual's social attitudes—his dispositions towards the various aspects of his social milieu. This means that attitudes are one of those important variables which influence different forms of our behaviour and consequently they play a significant part in every aspect of life.

Social psychologists describe attitudes as "enduring organisations of perceptual motivational, emotional and adaptive processes centring on some object in the person's world". These attitudes probably cover the entire universe of an individual's behaviour—social, economic, political and religious. In all situations attitudes play a leading part and guide individual actions and reactions. Similarly, in business, managers' attitudes play a significant

role in every aspect of business activities.

Webster, for instance, discovers that business response to consumerism pressures has been more in the form of token response and isolated action than a coordinated programme of positive, planned action. The problem, says Webster, appears to be not one of economics or ability to respond, but of management attitude.

Attitudes will determine largely managerial actions and reactions which are manifested in responses to the changing environment. These responses form the subject-matter of our study of behaviours. Thus, attitudes are probably an essential ingredients of behaviour which are manifested in every aspect of our activities. Without guiding attitudes the individual remains confused and indecisive and cannot adjust properly to changed conditions.

WHAT IS SOCIAL RESPONSIBILITY?

More than one meaning have usually been assigned to the term 'social responsibility'. It implies basically the admission of being answerable to society

but the issue is not as simple as that for two main reasons. First, the concept of social responsibility involves a series of subjective judgements which are extremely difficult to quantify. Second, the issue of social responsibility is complex because it involves many sets of relationships, the balancing of which is not easy. Though it is difficult to formulate a single precise definition of the concept for the reasons mentioned, however, a functional one is more likely to succeed on a conceptual level at least to produce a common indicator of social responsibility. Social responsibility, in this sense, is defined as an obligation on business to take account of the interests of several different groups that constitute society, beyond the considerations of profit.

Dr. Naftalin, a distinguished social scientist, has identified five sets of corporate relationships each of which involves major aspects of socially responsible behaviour:

1. The firm's internal constituency—workers and managers;

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2. The firm's external constituency—consumers and suppliers;

3. The community or communities within which the firm operates;

4. The larger society from which the firm draws its resources and upon which the firm leaves its imprint for good or ill;

5. The firm's shareholders.

Naftalin defines the concept of social responsibility by examining each of these relationships and states clearly that to become socially responsible the firm must give at least as much weight to fair wages, fair prices, fair community practice and fair environmental practice as it does to fair return on investment.

In fact, the concept of social responsibility as defined by Naftalin will be acceptable only to a small minority of business corporations. Besides it involves highly controversial issues reflecting changes in the socio-political surroundings. For instance, what is meant when it is said that a firm is socially responsible? Is it accountable to society? Does this accountability conflict with the firm's accountability to its owners? Are there other groups
that constitute society to which the firm is accountable? How can this accountability be assured? Who is to assure it?

Business corporations are accountable to several different groups. A firm is accountable to not only the shareholders and employees but also to the customers, the suppliers, the local community and the society in general. Figure-1 illustrates the major groups that constitute society and which may possibly affect the working of the corporation. Management's responsibility is to balance the firm's obligations to each of these groups. A Seminar sponsored by India International Centre, New Delhi, in 1966 spelt out clearly the social responsibilities of management in these words:

"... An enterprise is a corporation citizen like a citizen it is esteemed and judged by its actions in relation to the community of which it is a member, as well as by its economic performance. Management has the main responsibility today for developing the corporate enterprise which is everywhere replacing the family and the family business as the unit of work in a technological society. A company has a responsibility to provide security of employment with fair wages. Equal opportunity for personal growth and advancement
within the company is a requirement of justice and the means of securing efficiency management. Collective bargaining and a representation by a trade union is the workers right. Responsibility to the consumer means setting up and maintaining standards of quality and service, in addition to fair price. These are best set by the enterprise itself or through a trade association. But where enterprise and trade fail, the State must act to protect the consumer.  

Walton (1967) emphasises the need for businessmen to balance competing interests of various constituencies and to work closely with Government in taking

**Fig.1: Major Groups Affecting the Corporation**

17. Seminar on "Social Responsibilities of Business" India International Centre, New Delhi, 1966, p.26

into account the rights of all involved while rejecting, though in a restrained and reasonable way, those demands that are unjustified. This "balancing of interests" is an equilibrium model that derives from the basic concept of pluralism. In a pluralistic society diverse groups maintain autonomous participation and compete for societal resources. This concept assumes that the competition ensures equity for all groups in society and each group has an opportunity to argue its case. Some may argue in more active and direct ways, however, while others may be handicapped on account of their low socio-economic status and will therefore be less able to compete for the attention of social policy-makers.

Given this pluralistic society, how can a firm's social accountability to each of these groups be assured? Is there a mechanism to ensure that business will in fact be held accountable to its diverse groups? The basic problem in measuring social responsibility arises from a profound disagreement over the essential role of business firms. The traditionalists going as far back as Adam Smith's view of commerce as the pursuit of self-interest, see the main aim of the firm as profit maximisation and profit is regarded as the sole indicator of the success of a business. The proponents
of this view agree that this classic function of business is itself the most important social responsibility of business. That is to satisfy the consumers by fulfilling demands is the crucial function of business system. And the effectiveness of a business system for its customers is measured by its profit, growth and survival. The best known exponent of this view among economists is probably Milton Friedman, the distinguished American economist.

Social responsibility is "a fundamentally subversive doctrine", says Friedman... "few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much for their stockholders as possible." 19

Levitt 20 (1958) thesis is similar when he says that welfare is the 'Government's job- that of business is making money. The role of all major groups is to compete by pursuing their own paths so that no entity dominates the society.

Chamberlain 21 (1973) takes a pessimistic view of corporate social responsibilities. He argues that

business is fundamentally unable to undertake the large scale and radical problems that are needed. Nor, in spite of what reformers and activists may behave, can we accept public pressure to prod business into doing more because the public interests, both as consumers and producers, are often identical with those of the corporation. These pessimistic conclusions drawn by Prof. Chamberlain are certain to arouse controversy and many will disagree with his contention: that we had better look elsewhere if we expect our social needs to be met, business can not—and will not do it.

We, however, disagree with Prof. Chamberlain’s thesis and argue strongly that the business, under pressures from a rapidly changing environment and with increased government legislation will have no choice but to adapt to its new conditions. By discharging this social function, if it has the will and the power to work, business will help its cause immensely.

Against this laissez-faire philosophy one may place the more modern view that holds that the firm’s purpose should be more than profit making and that it must take into account the effect of its operations
on society. The proponents of this view argue that a socially responsible company not only takes account of the interests of society apart from considerations of profit but actually tries to balance these interests with its own in reaching decisions. In other words, in the socially responsible company maximum profit is not necessarily the overriding objective. Management may agree to accept less profit to be able to provide better working conditions, conduct research into reducing pollution or achieve other social objectives.

However, it is said that between these two extremes a 'current consensus' appears to emerge that while profit is the company's most important objective, there are certain unwritten rules that the company should not infringe in order to make a profit and the company should also have certain social objectives or minimum standards. Similarly in the CBI report on "The Responsibility of the British Public Company" profit is defined as 'a surplus fund that remains after all proper commitments have been met'. It is neither a magic word nor a dirty one but should be regarded as the principal yardstick by which to judge

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the success or failure of a company.

While the CBI regards profit as the main objective of a company, it is not seen as the sole objective. The report does not define in detail what it regards as the 'proper commitments' to be met before profit is assessed, but it does state... "a company like a natural person must be recognised as having functions, duties and moral obligations that go beyond the pursuit of profit and the specific requirements of legislation."

It is important, however, to find out if such consensus exists in society. The idea of a social consensus appearing has been suggested but not substantiated. This research examines the attitude of corporate executives towards the so-called emerging 'social consensus'.

**THE NATURE OF SOCIAL RESPONSIBILITY:**

A review of analysis of the notion of social responsibility tends to suggest that there are wide differences of opinion regarding the nature of corporate social responsibility. Consequently, to say that

23. Ibid, p.49.
which actions are regarded as being socially responsible will depend on the conditions at the time including economic conditions, managerial attitudes, societal expectations, government requirements, and so on. But nothing is permanent in the landscape of administration and all these conditions change from time to time. That does not mean that it is not possible to work out an acceptable notion of what social responsibility is which will take account of the changes in which actions are to count as socially responsible.

First of all, what is the nature of social responsibility? Is it an attitude? a goal? a policy? a constraint? The 'popular' view of the nature of social responsibility as advanced by Steiner\textsuperscript{24} and Davis\textsuperscript{25} (Steiner, 1975; Davis and Blomstrom, 1975) is that social responsibility is a new goal adopted by business only in the last decade. This view has been convincingly criticised by Keim\textsuperscript{26} (Keim, 1978) who argues that industry is increasingly forced to take account of its social responsibilities which operate as a constraint within which it can pursue its goal.

\textsuperscript{24} Steiner, G: \textit{Business and Society}, New York, Random House, 1975.
\textsuperscript{26} Keim, G. Di 'Managerial Behaviour and the Social Responsibility Debate, Goals versus Constraints', \textit{Academy of Management Journal}, Vol. 21, No. 1, 1978, pp. 57-68.
of making money.

While recognising the evidence presented by Keim and agreeing with his criticism of the view that industry has social goals, it is argued that social responsibility is not simply a constraint but a positive attitude engendered by the nature of the developing relation between industry and society.

The primary sense in which we attribute responsibility is when we attribute it to a morally mature individual. In this sense, to say that someone is responsible might mean several things; it could mean that a person is responsible for something in the minimal sense that he caused something to happen; it could mean that he is responsible in the sense that he is accountable to someone else as an employee is accountable to his employer; it could mean that he is responsible in the sense that he is reliable, conscientious, has a sense of responsibility. In this final sense a responsible attitude to a person is attributed. And this is what is being done when we say that someone is socially responsible. We are attributing to him a certain attitude, a way of seeing other people and considering their needs. In an organisation, what corresponds to a personal attitude
of social responsibility. The 'attitude' of a corporation (which may not be shared by all members of that corporation) are expressed in its policy statements. Consequently, it is argued from an analogy with the ascription of personal social responsibility that corporate social responsibility is neither a goal of business nor simply a constraint but an attitude or policy.

What kind of policy is it? In general, the literature defines a 'social policy' as one which is directed to external rather than internal concerns. Thus we have Beasley and Evans27 (1978) offering the following definition of social responsibility:

"... how far a company deals with its environment by incorporating external concerns into its decision powers" (p.187).

In another article, H.R. Odell28 (1974) argues that social responsibility means responsibility to society. In this sense social responsibility would have to do with issues of interest to society in


general rather than simply with the narrow concerns of the business itself. However, there is a different sense of social in which a concern is said to be social if it is directed by considerations of the welfare of certain groups rather than by considerations of profit. In this sense, many small firms who can not afford large, expensive gestures towards the community show themselves as socially responsible in looking after the welfare of their workforce.

The brief critical analysis so far shows social responsibility to be, on the part of the individual, an attitude, and on the part of the company, a policy, directed towards the needs and interests of the wider society or else directed by considerations of welfare rather than by profit alone.

ORGANISATIONS AND SOCIETY:

In talking about the interests of the wider society we need to be more specific. Odell (1974) defines society for the business decision maker as "a unique set of interest groups on which it is dependent." He goes on to add that some of these interest groups are within the organisation (employees)  

29. Ibid.
and others are external, for example, customers, suppliers, stockholders, consumerists and environmentalists. Thus, what counts as 'society' for the business executive is continually changing, especially with regard to the generally rising expectations of its component groups.

Odell, then, defines 'society' to the business decision maker as made up of interest groups on which the business is more or less dependent. This is to see an organisation as an isolable unit having connections with some other isolable units (interest groups) within the wider society. Some recent views on the nature of business organisations, in contrast, emphasise the entrenchment of business in society.

D. Bell 30, for example, claims that:

"To think of the business corporation simply as an economic instrument is to fail totally to understand the meaning of the social changes of the last half century." (D. Bell, 1974, p.289.

Conceptions of the nature of business organisation range from a view like Odell's of the organisation

as an isolable unit; through the view of writers such as Shocker and Sethi\(^{31}\) (1973) that a corporation operates in society via a social contract and consequently must continually justify its existence by showing that society needs its services; to the more radical extreme of writers such as Dahl\(^{32}\) (1972) and Holland\(^{33}\) (1975) who claim that every large organisation should be thought of as a social enterprise whose existence and decisions can only be justified in so far as they serve the public purpose.

These views imply a different conception of society and the place of the business organisation in it than the traditional view of business as discharging its responsibilities simply by being successful. Beesley and Evans\(^{34}\) (1978) claim that:

"Companies may not be regarded merely as means of achieving economic goals. They are also expressions of human aspiration, both individual and collective, sources of status and necessity, work organisation where individuals spend large parts of their lives and to which they devote huge proportions of their emotional and intellectual commitment. The company is a focus of the accumulation of personal power and of the gratification to be derived from its exercise". (p.16)

34. op.cit.
In an interesting article Votaw (1972) argues that we are experiencing a social revolution comparable to the Reformation or the Industrial Revolution. He argues that the leaders of industry who previously saw themselves as the owners of the economy with the right to operate it entirely to their own advantage are coming to realise that they are an integral part of society and accepting the obligations and sense of community that involves.

The implication of these views of the nature of the changing relationship between business and society is that the issue of social responsibility, far from being just another constraint on industry or a new goal adopted by business in response to new social phenomena such as consumerism is, in fact, an expression of this new orientation of business to society: a recognition that business is a part of society and in the legitimate pursuit of its own selfish goals must at the same time abide by the standards of behaviour demanded by any other member of society.

To act responsibly in a social context is a standard expected of any normal human adult. It

assumes that one has a choice and a certain measure of control over one's actions as well as a certain sensitivity and regard for the aspirations and rights of others. It is worth emphasising that this is not an excessive demand made of only the few in society but a standard expected of every one most of the time. It is part of our understanding of what it is to be a human being.

If a corporation is to be thought of as a participating member of society as a normal adult is thought of as a participating member of society then it is not unreasonable to expect it to meet the minimum standards expected of any normal adult, that is, a responsible regard for the interests and rights of the other members of the society. There is no reason why organisations should have extra rights and privileges over and above those enjoyed by the ordinary citizen, neither should they escape any of the constraints and obligations of the ordinary citizen.

On this wider view of the nature of an organisation and the obligations that accompany being a participating member of society one can see that the social responsibilities of the organisation will extend farther than the specific interest groups on
which it depends. It is in principle impossible to draw a limit to the possible extent of an organization's responsibilities.

This brief analysis of the notion of corporate social responsibility has shown some of the assumptions implicit in the concept. It has been argued that social responsibility is an attitude expected of any morally nature member of society and that if an organization is to be viewed as a member of society it can not claim exemption from the standards expected of other members. Social responsibility is a moral requirement and in showing the nature of moral responsibility it can be claimed that unlike legal liability it is something that can only be attributed to individuals and that consequently each individual is morally responsible for the corporate actions of an organization which he has freely joined.

BACKGROUND OF THE PRESENT RESEARCH:

During the past decade, there has been a growing interest in corporate social responsibility. A growing literature suggests that an increasing number of corporate managers accept the need to serve the society in ways that go well beyond the performance of a narrowly defined economic function
(Monsen, 1974; Committee for Economic Development, 1971; Weibley, 1975; Rockefeller, 1974; Harmon and Humble, 1974; Melrose-Woodman and Kvetdal, 1976; Holmes, 1976). Many corporations mainly in the U.S. have been committing their organisations to a variety of social action programmes (Aaker and Ray, 1972; Ackerman, 1973; Eilbirt and Parket, 1973; McGuire and Parish, 1971; Buehler and Shetty, 1976; Webster, 1973).

Though there has been some research there is still a lack of comprehensive empirical analysis of the attitudes of senior managers who have to play the main role in determining the overall objectives of the company and its policies. For example, how do the senior executives view the notion of social responsibility and which of the areas are viewed by top managers as critical. It is especially important to study what concrete actions are being taken by the companies in this area and what mechanisms of control the company board applies in order to guarantee an efficient implementation of social responsibility decisions. Little evidence is available to examine the effect of legislative power of governments exercised in the areas of corporate social responsibility and what side effects it has produced. Again,
it is difficult to find studies which report on a comparison of managerial attitudes to social responsibility in two countries- India and Britain- which are at different stages of economic development, but which have often been remarked upon for their administrative and constitutional similarities.

The present research is mainly concerned with analysing managerial attitudes to social responsibility in two countries, viz. India and Britain. The aim of the research is to discover the views of senior managers of the place of social responsibility in Indian and British industry and to compare the patterns of actions that are being taken by the Indian and British companies for social improvements.

The hypotheses are mainly two:

1. Whether managerial response to social responsibility is influenced by the distinctive cultural heritages of the two countries? and

2. the corporate response to social responsibility is affected by the contingent factors such as the size of the company.

This general problem analysis reveals three aspects of the problem to be investigated:

1. Ascertain the Indian and British executive
opinions on issues concerning corporate social responsibility;

2. Investigate and compare the actions that are being taken by the companies in India and Britain for social improvements; and

3. Examine the problems that are encountered by the Indian and British companies in planning and implementing social responsibility projects.

Fulfilment of the first aim implies an explicit definition of the concept of social responsibility and a specification of the issues that are involved in this area. Social responsibility is a nebulous idea and hence is defined in several ways. It is defined here as an obligation on business to take account of the interests of society independently of considerations of profit. Based on this fundamental concept an identification of some of the issues concerning corporate social responsibility will be possible. The managerial attitudes to social issues were ascertained by means of questionnaires and interviews.

In order to attain the second aim, the corporate responsibility activities were classified into three areas: i.e. urban affairs, consumer affairs and
environmental affairs. The level of activity engaged in by the Indian and British companies in the three areas will be studied in terms of the investment made by the companies in these activities. This will be combined with a test of hypothesis that corporate response to social responsibility is influenced by the size of the company.

Attainment of the third aim calls for an examination of the problems encountered by the Indian and British firms in responding to social issues including a discussion of the costs/benefits of social responsibility. Indeed the intention is to study the mechanisms for monitoring of social responsibility in Indian and British organisations. In order to attain this aim, a description of the mechanisms for the enforcement of social policies as well as the development of a proposed general model of corporate social responsibility is essential to facilitate social involvement of companies.

COMPARATIVE ASPECT OF THE STUDY:

This study reports on a comparison of managerial attitudes to social responsibility in two societies—India and Britain. It notes the debate between those
who argue that in different countries patterns of corporate response to social issues will be shaped by common contingencies of industrial development largely free of cultural effects and those who emphasize the influence of unique cultural factors. The study aims to examine these issues in the light of direct comparisons of managerial responses to social responsibility in two countries— India and Britain— which are having similar industrial and constitutional patterns but which have often been noted for their cultural and social differences.

India is a sovereign socialist secular democratic republic with a parliamentary form of government elected on the basis of universal adult franchise. The Indian Constitution guarantees to secure for all citizens: justice, liberty, equality and fraternity. Hurley \(^{36}\) argues that "In a democratic society the administrator of any significant activity whether business, governmental, military or social service in origin, has specific identifiable responsibilities both to the organised group that has given him a mandate to operate, and to society at large that has given the group a franchise to exist".

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\(^{36}\) Hurley, M.E: "Business Administration": New York, Prentice Hall, p.473
Similarly, Britain is one of the leading democratic nations of the world. The British Constitution guarantees to secure the fundamental human rights for all citizens and lays the foundation for establishing a welfare state. In a welfare state, supremacy of public interest is now an unquestioned form of composite behaviour and the management of public enterprises are trustees not merely for their own survival but also for employees, consumers, the community and the general public.

A comparative study of managerial attitudes to social responsibility in two democratic societies—India and Britain—would enable the investigator to bring out the similarities and differences in the views of senior executives of Indian and British companies.

India is committed to achieving the goal of a socialist pattern of society. The avowed aim of a socialist pattern of society is to have a mixed economy wherein both public and private sectors of industry are harmonized in such a way that each may supplement the other. Public enterprises hold a promise to attain the goal of a socialist pattern of society based on equality of opportunities and a
reduction in disparities of incomes and wealth.
Public enterprises, therefore, shoulder greater responsibilities than the private enterprises, which are largely committed to the maximisation of profit rather than to the social well-being. Similarly, the nationalised industries in the U.K. shoulder greater responsibilities than the private industries and that include not merely economic objectives but also social obligations. Although it is difficult to generalise but it may be visualised that in a mixed economy the attitude of the senior managers especially in the private sector shall go a long way in the realisation of the objectives of the mixed economy. Such an ultimate aim renders imperative a comparative study of the social responsibilities of management of the private corporate sector in India and Britain.

Introducing technological change, improving machine designs and laying a sound economic foundation do not constitute the whole story of the industrial progress of nations. Equally important for the progress of an industrial civilisation is the consideration of the human factor in industry. The way institutions work is much influenced by the corporate
attitudes of managers and the more so now that both specialist and generalist management is said to be becoming increasingly specialised and professionalised. A comparative study of managerial responses to social responsibility in India and Britain would reflect the distinctive patterns of corporate social behaviour in the two societies and would provide us the stimulation which can be obtained by looking at how other countries tackle problems which are far from being ours alone.

Different societies exhibit distinct and relatively persistent cultures—that is, widely shared patterns of thought and manners. This enduring strain of culture is internalized as each new generation passes through its process of socialisation. People learn their own unique language, concepts and systems of values, and they also learn to regard as legitimate particular modes of behaviour. Therefore, it is argued that, even if organisations located within different societies do face similar contingencies and adopt similar models of formal structure, deep-rooted cultural forces will still re-assert themselves in the way managers actually behave and relate to each other. There is also some evidence from previous studies to suggest that these broad cultural contrasts
will be evident in the behaviour of managers and in the ways their roles and relationships are structured (Ruedi and Lawrence 37, 1970; Granick 38, 1972). Moksbach 39 (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.

A comparison of managerial attitudes to social responsibility in India and Britain would enable us to determine the distinctive cultural factors that account for differences, if any, in the patterns of corporate social behaviour in the two societies and whether the contingent factors such as size of company have a bearing upon the organisational response to social responsibility.

The above discussion tends to suggest that most view corporate social responsibility to be a relevant constraint in business and many saw it as a worthwhile


policy for companies. However, in practice many companies behave in a socially irresponsible way disregarding all norms of business ethics. It would be useful to examine the impact of a firm's anti-social behaviour on its immediate environment.

SOCIAL IRRESPONSIBILITY OF COMPANIES:

The growth of large scale industries during the past century appeared to furnish evidence of socially irresponsible behaviour of corporations—first in the treatment of labour and, more recently, in racial discrimination, environmental pollution, inadequate investment in research for social benefits such as drug safety, inability to achieve stability in the economy and inadequate customer service and protection. Such accusations against big business seem to be increasing in number. Thus, Votaw and Sethi conclude that "the large private corporation has come under considerable attack in recent years on the grounds that its response to a rapidly changing social environment has been slow, inadequate and often inappropriate". However, Galbraith (1967) has said that the "cacophony of

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voices proclaiming the purposes of the corporation" range from "the suggestion that the primary goal is the just distribution of income... to pronouncements of a primary consensus for improving higher education, increasing economic literacy, resisting subversion, supporting American foreign policy, upbuilding the community, strengthening the two-party system, upholding the constitution, amending the constitution to preserve its original intent and defining freedom and free enterprise". All of this, according to Galbraith, reflects the "underlying reality which is that the modern corporation has power to shape society".

In fact, Warren G Bennis of Massachusetts' Institute of Technology actually believes that a significant number of U.S. corporations are becoming neurotic. This sort of 'neurotic' behaviour includes too much authoritarianism (the problem of one iron-willed man at the top) which can hamper the upward and downward communication so vital to the health of a company; coercion of employees rather than cooperative participation with them; too much bureaucracy; too little understanding on the part of all employees of the identity and goals of the corporation; and, what can often be the most serious problem— one growing out of all the others— an inability both to accept the
realities of the changing technological and social environment and to adapt to their new conditions.

In real business situations, examples of this sort of corporate behaviour are not hard to find. The following are some specific cases which have been labelled as examples of socially irresponsible behaviour of business corporation.

**Nestle Kills Babies:**

A report 'Nestle Kills Babies' was published by the Swiss Third World Action Group. The report derived from 'War on Wants' British publication—The Baby Killer. It alleged that Nestle, the world's biggest baby milk maker, was causing infant illness and death by promoting its milk to mothers who could not use them safely.

The affair has highlighted the difficulties of regulating the behaviour of multinational companies, particularly in the Third World. It has already had a significant effect on the way baby milks are sold. Since it started Nestle has ended most of its controversial advertising in Africa. A baby milk industry group has paid lip service to the issues raised by drawing up a code of Promotional Ethics for its members. The public interest aroused in Third World
countries has given impetus to W.H.O recommendations that breast feeding be encouraged.

**Concorde Issue:**

Planes cause pollution: tests at Heathrow indicate that Concorde is twice as noisy as Boeing 707. But with the Concorde flights to Bahrein, Washington and other cities reducing the flying time so considerably, questions have been asked by environmental pressure groups: should technological progress overwhelm man's responsibility to his environment and is national prestige more important than social needs?

Answers to these questions and other will determine the future course of development. However, since the time Concorde was conceived about seventeen years ago, there has been a profound change in social attitudes and economic climate of many countries of the world. Problems such as urban pollution, increased fuel prices, inflation and economic recession have placed Concorde under close scrutiny.

**Oil Tragedy:**

The 1974 DC 10 crash near Paris is regarded as one of the world's worst air crashes killing all the 346 people on board. The Paris crash was caused by the aft cargo door blowing open soon after the
plane took off from Orly Airport. The plane depressurized and the passenger cabin floor collapsed, wrecking most of the control cables. The motion for summary judgement claims that in secret pre-trial hearings McDonnell Douglas, makers of the DC 10, General Dynamics, the sub-contractors that built the DC 10 fuselage and Turkish Airlines, which operated the plane, have according to the Sunday Times, been shown to be guilty of "willful negligence".

The motion for summary judgement says further that McDonnell Douglas Corporation designed a defective locking system for the cargo door, ignored two previous warnings that the DC 10 floor would collapse if the door blew open, and failed to install two vital modifications on the Turkish DC 10 which would have prevented the door from opening—"with reckless, wanton and grossly negligent disregard for the consequences". (Sunday Times; dated 16.3.1975).

I.C.I Heart Drug Compensation:

A report appeared in The Times on July 12, 1976, that I.C.I. has paid, during the past twelve months, more than £150,000 in compensation to patients who had suffered side-effects from one of its heart drugs, Ereldin. By the time all outstanding claims are settled, the bill for compensation may reach £1 million
which would be the largest drug payout since Thalidomide cases.

It has been estimated that 18 patients have died after a course of the drug and 500 others have suffered side-effects varying from partial blindness to stomach damage. It is estimated that about 300 patients who have been long term users of the drug have suffered temporary vision impairment and 24 permanent eye damage. Minor skin irritations have been suffered by 160 people and about 50 had sclerosing peritonitis, though most of these recovered after surgery.

The drug was first marketed in 1970 and has so far been prescribed to 250,000 patients to correct abnormal heart rhythms. It was widely used for asthmatic and bronchitic patients who suffered heart attacks as it was believed that most other drugs available aggravated asthmatic conditions.

Social Audit's Report on Avon Rubber:

The independent group called "Social Audits" self-imposed task has been the investigation of British companies to discover the cost of their operations to their employees and society at large in every way except money. Their latest report is
on Avon Rubber, which makes tyres, inflatable boats, plastics and medical supplies, with its largest works at Melksham, near Bath. It is a measure of changing attitudes towards social responsibility largely produced by Social Audits' previous work that Avon Rubber agreed to cooperate in the enquiry.

The most damaging discovery as far as labour relations were concerned was that Avon was risking the health of its workers by using chemicals known to cause cancer despite an existing categorical assurance by the company that no raw materials were used anywhere in the group which might increase the risk of getting cancer.

It was estimated that up to 10 per cent of individual batches of Avon remould tyres can be defective, raising a query whether a smaller but equally important, percentage of new tyres might fail. It was also suggested that Avon might be planning obsolescence in its remoulds to make sure that they do not outwear new tyres and that they are discharging toxic waste, indulging in restrictive trade practices as well as a host of other minor points. Almost incidental was social audit's conclusion that Avon was in deep trouble financially.
**Deteriorating Environment:**

The former Union Works and Housing Minister, Mr. Ram Kinker, made no revelation when he said that water pollution caused by industrial waste was posing a serious threat to life, (The Times of India, New Delhi, November 19, 1979). Such large quantities of effluents have been discharged into the rivers that many have changed colour: the Damodar in Bengal has turned black and the Chaliyar in Kerala is now brown. Besides, mercury poisoning has been detected in the Thane Creek in Bombay and the Rushikulya river in Orissa.

What is more disturbing is that untreated sewage discharged by cities is posing an even greater menace than industrial effluents. According to a survey conducted by the Central Board for Prevention and Control of Water Pollution, of the 142 major cities in our country only eight have complete sewerage systems and sewage treatment facilities, 62 have partial sewerage systems and sewage treatment facilities and 72 have none at all. As a result, the sullage discharged into the rivers and sea accounts for 80 per cent of the water pollution. For this the civic bodies are to blame. While it can be argued that they
have failed to fulfil their duties for want of funds, no such excuse can be made by the authorities for neglecting to combat air pollution. So far the Centre has not even formulated a law to curb industrial emissions into the atmosphere. It has been dithering on this for years. As a result the State Governments have done little, if any thing, to prevent factories and industrial units from discharging toxic gases. This explains why an increasing number of people in many cities suffer from inflamed eyes, asthma, tuberculosis and other ailments.

The Thalidomide Disaster:

The case is internationally known. History will record it as one of the major disasters involving as estimated 410 victims. The amount of compensation that has been offered by the Distillers Company to the British Thalidomide children is thought by many to be insignificant considering the irreparable damage done to the present 410 victims and its likely impact on the future generations of those victims.

The Thalidomide disaster has raised several new issues of public policy and has initiated since then a searching debate, unprecedented in history, on the social responsibilities of public companies.
The Distillers affair can also be seen in perspective as the most important breakthrough for 20 years in the conception of big company and investor accountability. The Thalidomide story is a serious blow to those who believe that business should ignore its responsibilities and merely make as much profit as possible within the law. The most distinguished "brutalist" according to Business Standard (dated January 8, 1973) is Professor Milton Friedman of Chicago who believes that business preoccupation with responsibility is a major threat to capitalism.

Thus the Thalidomide issue has further strengthened the view which holds that industry's responsibilities go far beyond just making profits. They include full responsibility not only to the shareholders but to the public, the employee, the consumer and to a concern for the environment and proper standards of integrity.

One may debate the validity of the criticism levied against the big business but its existence can not be denied. Business either can defend itself and argue that such accusations are false or unjustified, or business may concede that most of such criticism, if not all, is in fact valid and accept the challenge to do something about it. The latter viewpoint is of course at the root of social
responsibility doctrine. If the business accepts
the challenge, then it must evolve strategies, not
just for its survival but also for its continual
development in ways beneficial to shareholders,
employees, customers, the community and government alike.

**SUMMARY:**

An analysis of the notion of corporate social responsibility has shown that this subject has been discussed extensively during the past two decades. Opinions differ regarding the nature of social responsibility and its implementation in industrial organisations. It has, however, been argued that social responsibility is an attitude expected of any mature member of society and that if an organisation is to be viewed as a member it can not claim exemption from the standards expected of other members. Social responsibility is a moral requirement and hence it is something that can be attributed to individuals and to organisations if they are viewed as a member of society.

During the past decade, there has been an increasing amount of research on issues concerning
corporate social responsibility. However, a large part of this research has been carried out in the context of fully developed economies, viz. Britain and U.S.A. and no worthwhile attempt has been made to discuss the relevance of social responsibility for a developing economy like ours. Furthermore, research relating to a comparison of managerial attitudes to social responsibility in two societies--India and Britain--is not available to the knowledge of the present investigator. This research aims to examine the attitudes of senior executives of Indian and British companies towards social responsibility issues and to discover the level of involvement of companies in social responsibility areas as perceived by the Indian and British executives.

Social responsibility is an obligation on business to take account of the interests of several different groups that constitute society beyond the considerations of profit. It can, therefore, be argued that organisations are accountable to several different groups that constitute society. A corporation is accountable to not only the shareholders and employees but also to the customers, the suppliers, the community and the society in general. However, there is an important distinction to be made between
those corporate activities which are concerned with meeting legal requirements and that are carried out within the context of normal operations which are socially responsible, and those activities which are over and above the normal obligations. The latter have been called corporate social involvement. To be regarded as a responsible part of society, a company must meet the requirements of social responsibility.

In real life situations an increasing evidence of socially irresponsible behaviour of large corporations has been found not only in the treatment of workforce but also in racial discrimination, environmental pollution and inadequate customer service and protection. The business can deny these accusations or it may concede that most of such criticism, if not all, is in fact valid and accept the challenge of its critics. If the business accepts the challenge then it must formulate strategies for its continual development. The business should include not merely economic considerations but also social objectives in its decision-making process. This is regarded as an essential requirement for bringing about a change in organisational strategic priorities to ensure the survival and growth of business in the long run.