CHAPTER - 2

REVIEW OF LITERATURE

The previous chapter had discussion on how CSR is conceptualized by theorists and practitioners and certain realities about Corporate Social Responsibility (CSR) and its importance into present days global economy. It also says that CSR has been undertaken by different organizations in their own ways suiting to company’s social and business policy framework. This led to the detailed literature review with a purpose:

➢ To determine the nature of existing documents and gain an overview of the main arguments/themes on CSR and,
➢ To draw on the views of key commentators and practitioners and determine a set of indices for understanding CSR Undertakings particularly at MNCs.
➢ To review some of the relevant studies that had been conducted so far to build right perspective for the present study.

Literature History of Corporate Social Responsibility (CSR)

Basically there are two competing visions for the purpose of business. At one end of the spectrum, there is liberalism which focuses on shareholders’ wealth maximization (the so called profit maximization model). At the other end, the Communitarianism model that focuses on “business for the common good”. Both these views are perceptible in the ideologies shared below by few of the top executives of global companies and economic theorists.
“Profits are like breathing. If you can’t breathe you can forget everything else that you are doing because you are not going to be around much longer.” (Robert Mercer. Chairman & CEO of Goodyear tyre and Rubber).

“Profits, in the best sense of the word, are the reward for having efficiently produced something useful, profits are the lifeblood of the Corporation and without it corporations would not survive” (Buccholz and Rosenthal).

Profits are not the reason for the existence of a business. This is not to say that profits are unimportant or can be neglected. (John Bryan, Jr. Chairman & CEO of Sare Lec).

“Profits are one effective way to measure past performances but they do not drive the enterprise I think it’s a great way to keep score, but I don’t think it’s the principal motivation”. (Phillip Lippincott, Chairman and CEO of Scott paper).

“It’s hard for me to even think about what we do that’s purely for profit because the concept at J & J is so outmoded” (David Collins former vice chairman of Johnson and Johnson).

“Corporations’ foremost Social Responsibility is to create maximum shareholder value working under the circumstances where it is fair to all its stakeholders” (N.R. Murthy, Chairman of Infosys Technologies).

Despite positive effects of globalization, the creation of social capital has not equaled that of economic wealth in our country. Indian corporates have reaped the benefits of economic growth. Today, they have the moral duty to provide the marginalized in India with opportunities for progress. After all, no corporation can sustain its progress unless it makes a difference to its...
context! (Nandan Nilekani Chief Executive Officer President and Managing Director Infosys Technologies Limited.
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> “Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... because it is good for our business” (Niall Fitzgerald, former CEO at Unilever)
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> Thus the ‘rule of businesses’ has been quoted and debated in economic and business literature for a long time. CSR has transacted from eighteenth-century Scottish philosopher Adam Smith’s framework of profit maximisation to Caroll’s stakeholders’ approach for modern business and its relationship to society. Smith proposed that capitalism, by encouraging the pursuit of gain and efficiency, works to create greater wealth than any other economic system, and maximizes liberty by allowing individuals freedom of choice in employment, purchases, and investments, thereby benefitting the common good. A manager when competes ethically to earn the next promotion, works towards high personal development and as a result, excellent use of one’s time and talents strengthens firm’s economic condition. Thus the manager’s role is to act as a fiduciary or trustee to a principal, the owners or shareholders, being their steward in effectively and efficiently managing the organization’s assets. Today’s CSR, has its roots in the thinking of early twentieth century theologians and religious thinkers, who suggested that certain religious principles could be applied to business activities. For example, Andrew Carnegie devised a classic twofold statement of corporate social responsibility based on religious thinking. First was the charity principle, which required more fortunate individuals to assist less
fortunate members of society. However, by the 1920’s community needs outgrew the wealth of even the most generous wealthy individuals, with the result that some people expected business organizations to contribute their resources to charities aiding the unfortunate. Second, was the stewardship principle, a biblical doctrine that requires businesses and wealthy individuals to see themselves as stewards or caretakers, not just of shareholders’ financial resources, but also of society’s economic resources, holding their property in trust for the benefit of society as a whole? Thus, there was a concern for the macro-level outcome of business decisions in ways that went beyond the loyal agent’s argument that a manager’s duty is solely to loyally serve the employer by contributing to profit maximization. Now, it was suggested that stewardship of the corporation’s resources somehow be melded with a view of stewardship of society’s resources to more broadly serve society. Business was said to have stewardship responsibilities not just to shareholders, but also to so-called “stakeholders” (a.k.a. constituencies or publics), notably employees, customers, competitors, suppliers, distributors, the local community in which the enterprise operates, the general public, and the natural environment. When corporations make business decisions they have both short- and long-term effects on many sectors of society.

By now it was generally understood that, business has an obligation to society that extends beyond its narrow obligation to its owners or shareholders. This idea has been discussed throughout the 20th century, but it was Howard R Bowen’s (1953) book on “Social Responsibilities of Businessman”, which is said to be the origin of the modern debate on the subject. He was pioneering in exploring the responsibilities of executives to pursue actions and policies that are
"desirable in terms of the objectives and values of our society" In the book Bowen reasoned that there would be general, social and economic benefits that would accrue to society, if business recognized broader social goals in its decisions.

Prior to the 1960s, business ethics was not a major concern of business people. Rather, it was left to theologians to discuss issues of fair wages, unfair labour practices, and the morality of capitalism. The Protestant work ethic taught people to work hard and be successful—this was the essence of business' social responsibility.

Beginning in the 1960s ethical issues in business were raised on an unprecedented scale. There was a heightened realization that repressive labor practices could be found at even some of the most admired corporations, unsafe products were being sold, the business system was taking a toll on the natural environment, society was not succeeding in elevating those most economically deprived, bribery was occurring on an international scale, and morality was being compromised in the pursuit of money and power. Liberal consumerist media portrayed business as evil, implying that almost any business activity is morally reprehensible. Consequently, we heard consumer outcries against insensitive and immoral business practices. As a reaction to the negative publicity, by the mid-1970s, the concept of raising corporate sector's consciousness was in vogue in both corporate boardrooms and college classrooms. The idea was that enterprises should not single-mindedly pursue profit without regard to morality.
The Stanford Research Institute in 1963, in their internal memorandum gave for the first time "stakeholder" as an expression. Then onwards the debate, on whether responsibility of a business enterprise is only to its shareholders, owner or to stakeholder including environment and society at large, is an ongoing one and continues. As the word 'stakeholder' appeared in management literature, discussion of the concept diverged in a number of directions: corporate planning literature (Ansoff, 1965; Taylor, 1977); systems theory literature (Churchman, 1968; Ackoff, 1970; Davis and Freeman, 1978); corporate social responsibility literature (Post, 1981; Dill, 1975; Ackerman, 1975; Ackerman and Bauer, 1976; Murray, 1976; Hargreaves and Dauman, 1975; Wheeler and Sillampaa, 1997; Mahon and Warwick, 2003; Martin, 2004 and; Post, James, Preston and Sachs, 2002) and organisational theory literature (Rhenman, 1968 and; Katz, Kahn and Adams, 1980).

Edward Freeman (1966) defined: "A stakeholder is any group or individual who can effect or is affected by the activities and achievements of an organisation". The stakeholder theory originates from Freeman who argues that "in a narrow sense, the stakeholders are all those identifiable groups or individuals on which the organisation depends for its survival, sometimes referred to as primary stakeholders...On a broader level, however, a stakeholder is any identifiable group or individual who can affect or is affected by organisational performance in terms of its products, policies and work processes. The stakeholder theory suggests, 'managers should tailor their policies to satisfy numerous constituents, not just shareholders.' (Freeman, 1984).
At the same time i.e. between 1965-66 the conferences and International seminars were held at Delhi, Calcutta and Bombay on ‘The Social Responsibility of Business. At the conclusion of those seminars it was concluded that “Social Responsibilities of business is towards workers, shareholders, customers and community. It also emphasized that in modern industrial society business occupies a meaningful and significant place in national life. At the end of the Calcutta seminar a study group” was formed. This study group was representative cross Section of the people from economist, sociologist, businessman, academicians, legislatures etc.

*The terms of reference for the study group were:*

1. to prepare a set of business norms
2. to examine the hurdles in implementation
3. to recommend remedial measures to eliminate those hurdles

As an outcome, various social responsibility where declared for each of the stakeholders in detail in the form of recommendations.

Lester Thurow (1966) in his book “The future of capitalism” wrote ‘Paradoxically, at precisely the time when capitalism ends itself with no competitors - its former competitors, socialism, or communism, having died - it will have to undergo a profound metamorphosis”. Thurow talked all these years ago that, capitalism arising out of globalization needs to be more sustainable - more socially and environmentally aware and responsible. We are seeing increased calls for what that metamorphosis might look like now, as more and
more people, individuals and groups, call upon contemporary capitalism (as expressed through business) to be environmentally and socially responsible; to be accountable and transparent; to be inclusive; to be ethical and stable; to be more equitable - to be sustainable. This is evidenced by the increasing calls by government, civil society, business groups, global agencies (like the World Council for Sustainable Development and the United Nations) and some businesses themselves, upon the corporate sector, in the last few years worldwide, to be engaged in Corporate social responsibility initiatives and reporting in its various forms. As Thurow makes clear, 'if capitalism is to work in the long run, it must make investments that are not in any particular individual's immediate self interest but are in the human communities' long run self interest.'

By the seventies of the twentieth century the intuition that business had some form of social responsibility over and above its responsibility to perform economically had already been cashed out in a number of publications (Frederick, 1960; Davis & Blomstrom, 1966; Walton, 1967). Although these publications often provided crude definitions or descriptions of what CSR was, the predominant concern was to drive home the argument that CSR is desirable, either in its own right (cf. Frederick, 1960; McGuire, 1963) or because it is in the long-term economic interest of corporations and other business organizations to engage in CSR (cf. Davis, 1960; Johnson, 1971).

But the problem, as expressed by Courtney Brown (1970), and indeed by commentators today, is that the public perception of business is generally a
negative one, seeing itself often as victim or exploited, rather than as beneficiary.
As a result since 1970s, society's expectations of business ethics have been climbing. Unlike yesteryear, productivity alone is no longer considered sufficient to morally justify a business organization. Also important is how wealth generation affects non-economic aspects of society, such as the welfare of employees, customers, and other members of the business system, as well as other outside groups and the natural environment. Others soon followed suit and, John Kenneth (1971) in his paper "on the Economic image of corporate Enterprise' argued importantly, that "to recognize that the great corporation is essentially a public entity is to accept that its acts have a profoundly public effect.'

Robert Dahl (1972) argued influentially (among academics), 'that every large corporation should be thought of as a social enterprise. It should be thought of as an entity whose existence and decisions can be justified in so far as they serve public or social purposes' (Dahl, 1972 cited in Beesley & Evans, 1978:17; see also McDermott, 1991). This is a position which recognised that 'business will benefit from a better society just as any citizen will benefit; therefore business has a responsibility to recognise social problems and actively contribute its talents to help solve them. Such involvement is expected of any citizen, and business should fulfil a citizenship role.'

Neil Jacoby (1973) in his book ' Corporate power and Social Responsibility' developed a social environment model to explain corporate behaviour as a response to both market and non market forces that influences
costs, revenues and profits. Jacoby sought to make boards more socially sensitive by including on them ‘Sophisticated and Articulated shareowners’. He sees this as a solution to ‘the negative perceptions of business as insensitive to social issues.’ This can also be achieved, he argued, by employing staff expert in organisational and public affairs, and setting up ‘sensory and feedback social devices linking it with all sectors of society’. Communication is the key, with business becoming expert in political as well as social issues. Business should establish a social account, he argues, and be subjected to annual social audits.

Leading sociologist Daniel Bell, wrote in 1974 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.’(Bell, 1974 cited in Beesley & Evans, 1978: 16). Thirty years on many people are saying similar things within the corporate social responsibility debates. Much of this had already been said many years before, in 1946 by Peter F Drucker in his classic book, ‘The Concept of the Corporation’ referred Management as ‘ industrial society’ and as such have great responsibilities to their own profession, to the enterprise and to the people they manage, and to their economy and society.’ This view is now central to corporate social responsibility discussions.

At the same time, Linowes (1974) in his book “The Corporate Conscience” argued “society is dependent upon business, but more importantly, business is a dependent on society. Reflecting many commentators of the time, he argued, ‘socially constructive corporate action will in the long run benefit all of society. Irresponsible action or inaction will boomerang to harm business as
well as non business sector. And with this for one of the first times in the literature concerning CSR, the phrase ‘Corporate Citizenship’ was used as a reflection of socially constructive corporate action.

Keith Davis (1975) gave propositions for social Responsibility and argued strongly for recognizing that social responsibility arises from social power. He said that there is an iron law of responsibility, which states that in the long run those who do not use power in a manner that society considers responsible will tend to lose it.

Archie Caroll in 1979 combined the philosophical ideas of social responsibility and social responsiveness into single theory of corporate social action called ‘Corporate social performance’ and Melvin Anshen (1980) in his book ‘Corporate strategies for social performance’ argued that the concept of Corporate social Performance is a better concept than Corporate social responsibility because ‘Responsibility is outer directed; performance is inner directed. Responsibility is under social control, performance is under managements’ control.

Alvine Toffler (1980) in his book ‘The third wave’ wrote that, ‘the multi-purpose corporation that is emerging, demands among other things, smarter executives as the corporation requires attention to multiple bottom lines - social, environmental, informational, political and ethical bottom lines - all of them, interconnected if it is to adequately and effectively produce better outcomes and benefits for a sustainable future. This position on sustainability is increasingly
recognised as a key issue emerging from the diverse views in the corporate social responsibility debates, in recent years. Few companies would deny its importance to the way they run their businesses, though many are still struggling with how best to implement this and make it core business.

Bowie (1983), wrote that, the idea of the corporate social contract that arose during the latter half of twentieth century elicited CSR as a concept. He said that ‘Social Contract’ is based on a reciprocated relationship between the society and industry. The notion of an implied corporate social contract was conceived by social and economic theorists on the basis of effects of business decision-making on society as well as corporate reliance upon society. This contract spells out society’s expectations of business as well as (although much less discussed) business’ expectations of society. The social contract theory of business is widely held today by both business ethicists and business decision-makers.

According to Davis(1983), the idea that corporations as organizations have “social responsibility” and obligations tying them to a wider society became popular in the 1950s, and continued through the 1960s and 1970s, when international businesses rapidly gained in size and power. Several groups were responsible for this heightened social consciousness, including the feminist movement and those advocating for the mentally and physically challenged, for native people, and for minorities. Much of the public embraced the concerns of these groups because unfortunate events brought the realization that some special-interest groups were worth listening to, such as environmentalists,
consumer advocates, and human right activists. Thus, it was suggested that business, as a social institution, should join with other social structures like the family, educational system, and religious institutions, to help enhance life and meet needs (Chewning et al., 1990). Donaldson (1990) through “Stewardship Theory” states, there is a moral imperative for managers to “do the right thing, ‘without regard to how such decisions affect firm performance. The Stewardship principles reflect in the others writings also. Peter A French, Jeffrey Nesteruk and David T Risser with John Abbarno, in their 1992 book Corporations in the Moral Community, see corporations as moral. They see business providing the environment where individuals, themselves as moral agents, ‘make choices and take actions.’ This business environment, however, is not neutral, disinterested, ground. It conditions many of the choices that are made there. As such, business has a responsibility ‘for the kinds of environments they develop and maintain’ Furthermore, business needs to monitor these environments and change them if necessary. Care for this environment therefore needs to be a major priority for business. As such, care for the business culture and environment needs to be a significant tenet of corporate social responsibility.

Miller and Ahrens (1993), writes whereas in Adam Smith’s model, property was owned by individuals who directly decided how it was to be used, the modern corporation is characterized by professional managers who make decisions on behalf of the stockholder owners, and these decisions affect tens of thousands of citizens. Moreover, corporations need the resources of society if they are to survive and thrive. Corporate taxes are supposedly not sufficient to pay for these resources, and so the corporation should, out of a duty of gratitude,
assist in solving social problems (Bowie, 1995). Will Hutton (1995, 1999) states that the need of the hour is, to recapitalize, a new language of stake holding as a political economy emerges; social inclusion, membership, trust, cooperation, long termism, equality of opportunity, participation, active citizenship, rights and obligations."

Jones (1995) confirming Stakeholder Theory states, "Firms involved in repeated transactions with stakeholders on the basis of trust and cooperation have an incentive to be honest and ethical, since such behaviour is beneficial to the firm. The ethical behaviour of firms will enable them to achieve a competitive advantage, because they will develop lasting, productive relationships with these groups."

Hart (1995) emphasising Resource-Based View of the Firm states, "For certain companies, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage."

Jennings and Zandbergen (1995), cites the bases of Institutional Theory to explain CSR and said, "Institutions play an important role in shaping the consensus within a firm regarding the establishment of an “ecologically sustainable” organization."

Entine (1996) has put it that "There are two senses in which CSR could be defined. The narrow sense is based on the broad principles of integrity and fairness and focuses on internal stakeholders issues such as product quality,
customer satisfaction, employee wages and benefits, fair treatment of suppliers and shareholders, and local community and environment responsibilities, issues that a company can actually influence.

Noel M Tichy, Andrew R McGill & Hynda St. Clair in their 1997 collection 'Corporate Global Citizenship.: Doing Business in the Public Eye,' addressed CSR as an international issue and wrote, "as we move into the 21st century global business will find themselves increasingly intertwined with global, political, social and environmental issues that will free them to redefine their role as a potent force for world integration'. In other words there is a moral dimension to corporate social responsibility and performance which involves ‘building systems of corporate ethics and values into the enterprise, tackling questions of compliance and governance, meeting the needs of the economically and socially disadvantaged, satisfying responsibilities to the environment’ (Fombrun, 1997).

Peter Schwartz, and Blair Gibb, in their 1999 book When Good Companies Do Bad Things - Responsibility and Risk in an Age of Globalisation, argue that many more people today consider themselves to be stakeholders in a company. They argue that it is essential for companies to recognise this by ‘identifying and acting on opportunities to improve the societies in which they operate’.

With these changing expectations from business Logsdon & Wood (1999) writes that, the language of CSR was progressively being replaced by ‘corporate
citizenship", a shift in normative understandings of how business organizations should act with respect to their stakeholders.

Thus, several analytical frameworks have been evolved and used to understand CSR. Among those, Stakeholder theory, which has emerged as the dominant paradigm in CSR, has evolved in several new and interesting ways.

Smith (2001), feels that, concern about CSR prevailed through the “kinder and gentler” 1990s, due to the growing recognition that governments had failed to solve many social problems as well as the diminished scope of governments in globalised economy.

Moir 2001 identifies CSR as an ethical basis which should satisfy the needs of the stakeholders. His definition of CSR is based on Business Impact, 2000 and he argues that a company which focus on CSR has to “treat employees fairly and equitably, operate ethically and with integrity and to respect basic human rights”.

Kok et al., 2001 define CSR as “the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independent of direct gains of the company.”
Baron, Feddersen and Gilligan, and McWilliams and Siegel (2001) underline the ‘business case of CSR,’ through the Theory of the Firm respectively argue, ‘

- The use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy,

- Activists and ngos can play an important role in reducing information asymmetry with respect to CSR on the part of consumers.

- Firm presents a supply/demand perspective on CSR, which implies that the firm’s ideal level of CSR can be determined by cost benefit analysis.

According to Davis (2001), the broad sense of CSR includes stakeholders’ concerns for quality products and fair treatment of employees but goes beyond it to environmental practices, human rights, anti-war pacifisms, animal rights, women rights and sexual rights. The focus is on the society in general. This construct definition of Corporate Social Responsibility very broadly as “The set of standards of behaviour to which a company subscribes in order to make its impact on society positive and productive.”

In the more recent past, Logsdon and Wood (2002) and Wood et al (2006) defined the concept of the Global Business Citizen as “a business enterprise (including its managers) that responsibly exercises its rights and implements its duties to individuals, stakeholders, and societies within and across national and cultural boarders”(2006:35). This definition illustrates two major transformations
Talking about the evaluation of CSR practices, Snider et al., 2003 mention that “stakeholder theory provides a useful framework to evaluate CSR through social reporting activities.” C.B. Bhattacharya and Sankar Sen(2004) in their article, ‘Doing Better at Doing Good’ have shown their concern for the need for better measurement models of Corporate social responsibility that capture and estimate clearly the effects of a company’s actions on its stakeholders.

Knox et al., 2005 focus their empirical study on CSR on stakeholder aspects. Together with Maignan and Ferrell, 2004 they argue that CSR is a concept of corporations to meet stakeholders’ interests effectively which has an impact on the company’s success in the long run.

Hopkins(2005) states that “CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. The aim of Social Responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for its stakeholders both within and outside the corporation.” He develops a concept to measure CSR which consists of principles of Social Responsibility, principles of social responsiveness and outcomes of social responsibility. He also states that, there is no common agreement on the question if CSR should be defined as a purely voluntarily
To Welford (2005), CSR is a business concept and he presents twenty elements such as internal and external aspects, accountability and citizenship which should be fulfilled by CSR-companies. Due to these indicators, his concept can be seen as a description of the social dimension of Sustainable Development.

Waldman, Siegel, and Javidan (2005) use Theory of the Firm/ Strategic Leadership Theory and write, ‘certain aspects of CEO leadership can affect the propensity of firms to engage in CSR. Companies run by intellectually stimulating CEOs do more strategic CSR than comparable firms.

Financial Relevance Of Corporate Social Responsibility

“Milton Friedman (1972) stated that by obeying the law and applying all resources to making a better product at a lower cost, a business would fulfill its social obligation” by this he conveys that socially responsible firms will be at competitive disadvantage due to the added expenses of incurred by social activities. There are hence, a number of studies that have tried to look at the relationship between CSR and financial performance of a firm.”

Among them a positive view of financial relevance to CSR was supported by Parker and Eilbirt (1975) and Browman and Haire (1975).
Sturdivant and Ginter (1977) examined the relationship between social responsiveness and growth in earnings per share from 1964 to 1974 of 28 firms. They in their study concluded that “in general, the responsibly managed firms will enjoy better economic performance. Thus this study indicates positive relationship between CSR and economic performance of the firm.

Some of the other studies carried out in response to seek answer to the question that, do socially responsible firms outperform or underperform other companies that do not meet the same social criteria, the results have been very mixed. A study by Waddock & Graves (1997), shows a positive relationship and a negative relationship is indicated in the study undertaken by Wright & Ferris(1997), whereas McWilliams & Siegel(2000), indicate no relationship. This leaves managers without a clear direction regarding the desirability of investment in CSR.

Focusing relevance of CSR with its financial output, few economists have remarked on the lines that,

‘Corporate social responsibility (CSR) has become a key component of a firm’s reputation. A strong reputation can afford the firm many advantages, and is generally associated with higher levels of financial performance.’ The pressures for CSR (and related vulnerabilities from a lack of CSR) are perhaps greatest among multinational firms with business activities across countries and cultures. For example, recent research demonstrates that consumers hold global firms to a higher CSR standard than local firms, and that CSR explains a

Moskovitz (as cited in Kanika Bhal 2002) studied the relationship between the market performance of a firm’s common stock and social responsibility and said they are directly related. In order to validate this empirically he selected 14 companies that possessed what he believed were good social responsibility credentials and then calculated the rate of return on their common stock for the first half of 1972. While the 14 stocks appreciated at an average of 7.28%, major market indices had appreciated by much smaller amounts. This indicates insignificant relationship between social responsibility and financial performance.

These studies highlighted the business case of CSR.

Views Against Corporate Social Responsibility

Contrary to this literature which is supporting stakeholders ‘perspective, some other views also came across while reviewing literature. The last words on the case against CSR come from marketing guru Theodore Levitt (1958) who argued that “sentiment is a debilitating influence in business that fosters leniency, inefficiency and sluggishness. The governing rule should be that something is good only if it pays. Otherwise it is alien and impermissible.”
The foremost of them was Milton Friedman in 1962, a Nobel laureate who held the view that the only responsibility of business is to maximize profits for shareholders while staying within the realm of law. Friedman (1970), through Agency Theory, states that, “CSR is indicative of self-serving behaviour on the part of managers, and thus, reduces shareholder wealth”. Friedman is best known for articulating the case against CSR and his famous quote that ‘the business of business is business’ summarises his ideology.

Heilbroner (1969) and Hayek (1994) also expressed similar views. “Businesses are owned by their shareholders - any money they spend on so-called social responsibility is effectively theft from those shareholders who can, after all, decide for themselves if they want to give to charity”.

Wang and Coffey (1998) held a similar view, that “business has no democratic mandate, historic role or other basis for legitimacy in the area of social responsibility.

This is the voice of the laissez-faire 1980s and 90s, still being given powerful voice by advocates such as Elaine Sternberg (2000). Sternberg argues that there is a human rights case against CSR, which is that a stakeholder approach to management deprives shareholders of their property rights. She states that the objectives sought by conventional views of social responsibility are absurd. Not all aspects of CSR are guilty of this, however. Sternberg states that ordinary decency, honesty and fairness should be expected of any corporation.
Kennedy (2000), Lantos (2001) and Henderson (2001) deny a significant social role of business. They say, 'both research and practice in CSR has not clarified whether socially responsible corporations outperform or under perform other companies'. Therefore Henderson (2001) is quick to contend that CSR is 'just another development fad, like others, whose time will come and go', 'tends to reduce profitability, inflate operational costs, reduces revenues, over-regulates freedom of business to compete and limits choices of the poor (especially in developing countries) to attain employment opportunities of their choices and thereby leading to more impoverishment', than alleviating poverty, as presumed. While appraising CSR literature Lantose felt that 'the field is fuzzy, has no clear boundaries and its legitimacy still debatable'.

Former Chief Economist of the OECD, David Henderson(2001) arguing against the current model of CSR said “the current widely-held doctrine of CSR is deeply flawed, and its general adoption by business would reduce welfare and undermine the market economy.”

Deborah Doane (2005), a leading skeptic, calls corporate social responsibility a "myth," arguing that market forces make it difficult or impossible for companies to deliver both short-term financial returns and long-term social benefits. She argues that ethical consumerism is simply not strong or widespread enough to drive change, that CSR is not a competitive advantage for global corporations and that in a global economy, countries will simply not compete to have the best ethical practices.
Amongst this criticism, (Jensen, 2001; Crook, 2005;), have said, “if the arguments against a socially responsible approach were widely accepted, nobody would even be talking CSR because everyone would be doing it. Also despite the barrage of criticism that the field appears to have, CSR benefits are seen as outweighing disadvantages and the CSR movement appears to be growing from strength to strength”.

Similarly Juholin (2004) acknowledges this weakness, pointing out that ‘absolute CSR standards do not exist, and may change with generation, culture, and whether the society is Nordic, USA, developing or transitional’. Despite this weakness, based on emphasis and frequency, prominent themes that ubiquitously recur on the landscape of reviewed literature include: ‘Profitability and Welfare’; ‘Stakeholder Theory’; ‘Ethics and Values’; ‘Communication and Disclosure’; and ‘Strategic CSR’.

Cliver crook (Jan 2005) has said in his interview that “Over the past 10 years Corporate social responsibilities has blossomed as an idea, if not as a coherent practical programme.” He firmly believes that “Today Corporate social responsibility, if nothing else, is the tribute that capitalism everywhere pays to virtue. Civil society advocates of Corporate Social Responsibility increasingly accuse firms of merely paying lip service to the idea of good corporate citizenship. Firms are still mainly interested in making money, though whatever the CEO may say in the annual report. When commercial interests and broader social welfare collide, profit comes first”.
No matter how diverse the views may have been so far in these discussions, one thing has become very clear that, business can no longer function as if it is somehow separate from the social and cultural values of those communities in which it seeks a licence to operate and, this recognition has brought with it a keener awareness among global business communities to engage in business with the issues of the 'morality' and responsibility of their actions and positions in the 21st Century.

**Review Of Empirical Studies.**

During 1960s, the western Industrialized countries began assessing, the impact of modern economic activity on the quality of human and social life.

> 'McGurie and Parish (1971) surveyed executives of large corporations and found substantial evidence to support the contention that the corporate executives pursue social as well as profit goals. They found that, there is little evidence of the Indian business' involvement in social responsibility. The efforts have been few and far between barring Tatas, Birlas, Lalbhai Group of companies etc.

> A comparative study was undertaken by the 'International centre for Research in Accounting, University of Lancaster U.K. to make an inquiry into social consequences of the corporates' decisions and actions in 3 countries - Germany, France and Canada between 1974 to 1976.
In Germany (1974), 260 large industrial companies and 100 smaller companies were selected for the study focusing ‘Inquiry into social involvement of German industry’.

In France (1974-75), 50 large and 47 small enterprises in all sectors (including government) were contacted for collecting data on ‘The social examination’.

In Canada (1976) 1083, firms were covered under the study.

The data was collected through mailed questionnaires and occasionally supported by case studies.

1. The data revealed significant differences in corporate social policy and performance associated with firm size and sphere of economic activity. Although the Canadian data clearly revealed - and all other studies strongly suggested - a general tendency for larger firms to place greater emphasis on social policy and performance, the differences associated with size by no means were all in one direction.

2. In at least two significant areas, the relative importance of women in management, and the magnitude of corporate philanthropy relative to firm size indicated that smaller firms tend to outperform the giants.

3. Although a few sharp inter-country differences were shown by this comparison of survey results, a close analysis revealed wide variations in individual company policies and practices, both within and among countries, and thus suggested that the scope for independent experimentation and social policy initiative by individual firm continues.
In U.S. a pioneering study sponsored by the committee for economic development (CED) (1974) in New York and the continuing surveys of Annual reports conducted by Ernst and Ernst (1976) were conducted; on the similar line of inquiry as Germany, France and Canada. The data was collected through secondary sources with objectives to analyse both corporate posture and policies with respect to social issues, analysis and policy making and programmatic response, as well as activities in specific areas.

The findings were ....

1. Over 76% of respondents indicated that they had made some efforts to assess their impact and activity in one or more areas of social concerns similarly 75% of the firms reported that their activities involved “a number of areas” of social concern.

2. 70% indicated that they had designated a ‘particular person, organisational unit, or group, as having responsibility for monitoring “evolving demand on your company for social action programmes”.

3. 40% respondent said that the assessments of social concerns and impact were made public in some form.

The Ernst and Ernst study’s major finding was “the number and percentage of fortune 500 companies including some elements at” “Social Responsibility disclosure” in their reports has almost doubled since 1971. i.e. 239 in 1971 to 425 in 1976.
An empirical study was undertaken by Singh, Maggu, and Klauier (1978) with an objective to generate empirical evidence regarding the present state of corporate actions and their orientations in the Indian context. It aimed at examining:

1. The perceived state of Corporate Social Responsibility,
2. Expected corporate behaviour in the area of social responsibility; and
3. The gap between the present state of corporate responsibility and that expected from the corporate community.

The data were collected from 251 respondents having work experience ranging from 0-7 years in the corporate world, through a structured instrument. The major findings of the study are:

1. Pure profit maximizing is the most dominant corporate behaviour, follows by calculative and socially responsible corporate actions.
2. That the level of weak experience influence the perception of corporate actions significantly.
3. That perceived corporate actions are not associated with that of expected corporate behaviour. They are poles apart from preferred corporate actions. i.e. there are significant gap between perceived and expected corporate actions.

When the results show that there is a significant gap between the two, the question arises is what the possible implications at such gap are? How can the action profile of the corporate community be changed?
Cochran and wood (1984) in their study took asset turnover and asset age as the variables and concluded that within industry groups the financial variable most strongly correlated with CSR is asset age and that omission of this variable results in a spurious correlation of CSR and financial performance. They also concluded that firms with older assets have lower CSR ratings. The evidence relating CSR to financial performance is mixed, though there seem to be quite a few studies that indicate a positive relationship. Interestingly, there are hardly any (with very few exceptions) studies that show a negative correlation.

It's not that CSR is only gaining momentum in the western economies only.

Srinivasan (1991) Conducted study on social responsibility and social work practice in industry with major objective to explore the potential and scope for social welfare practice - to be undertaken in private manufacturing organization in Madras. This comparative study of 80 managers, 80 supervisors and 40 union representatives was undertaken to bring out the difference in the knowledge, attitude and perception towards social responsibility and social work. Variables such as the issue of social responsibility, the concept of social work, employee welfare and welfare to society were identified to judge the views and bring forth suggestions.

Findings were:

1. There was a distinct difference in the perceptions of managers, supervisors and union representatives towards the issue of social responsibility.
2. Managers and supervisors were more profit oriented emphasising on economic concern while union representatives recommend greater social responsibility with emphasis on values, commitment and inclination. Consequently managers highlighted the importance of social costs while union representatives were concerned about attitudinal changes.

3. There was general agreement on the need for social accountability by industrial organisations although the awareness of the term social audit was low.

4. It was perceived that management expected both tangible benefits as well as a boosting of the corporate image for their socially productive actions. Union representatives were concerned with their traditionally protective role, and endorsed their actions towards helping employees. They admitted that their major role was to support the company’s programmes and maintain harmony in the factory.

The social research Wing of IMRB (SRI) undertook a desk survey in 1995 (reported by Kishore Rao) of public limited companies which were profitable and had made reference to their socially responsible activities either in their chairman address or any published work in the past 750 companies were approached with one to one questionnaire. The findings are as followed.

1. What do they support?

73% wished rural community development, 71% wanted to contribute to upgrading infrastructural facilities for the underprivileged and 60% had community based rehabilitation of the disabled at heart.
2. How do they support?........(The question examined that how many of these companies could show actual examples of their wish to support).

71% through donation of equipment, vehicles etc, 65% by secondary managerial talent to help projects.

47% thought of giving funds.

3. Why do they support ?

70% because they felt obligation to the community, 40% supported good causes because of their concern for underprivileged, 24% Wanted to use such activities to build up a good corporate image, 23% said they did so for tax exemptions and other benefits, 21% because it is a family tradition, and 19% because it is a company traditions

4. When do they give?........(This was asked to determine whether ‘giving’ was impulsive or carefully throughout)

76% said it was an ongoing nature, 17% said it was occasion specific

5. Who decides to give ?

60% decision by chairman or managing directors, 20% Board of Directors, and 2% personnel related to social welfare.

If a lot has already been written about the football industry, it is because of child labour. Already in 1996, during the European Nations Cup, several trade unions and NGOs drew attention to the forced labour of children making footballs for the world market. Those children made footballs for famous trade names such as Nike, Puma, Decathlon, Adidas or Reebok. A study on the status of child labour in the Industry was done in 1998 by V.V. Giri national labour Institute (India). (In June 2000 the India Committee of
the Netherlands published the report, "The Dark side of football.) The study was on ‘Child and adult labour in India’s football Industry and the Role of FIFA. And the findings showed that:

1. The contractual agreements between FIFA and football manufacturing companies violated all most all the labour rights that were an integral part of those contracts.

➢ To re-examine the current status in the industry, Tata Consultancy Services, a social section group was appointed. The study was conducted during Feb - April 2002 in the football producing areas of Jalandhar and Batala 450 households were contacted.

The Findings suggested that...

1. Employment of children in football industries affected education among children,

2. There were large differences between wages received by the male and female workers, and workers of registered and unregistered units,

3. A number of adult stitchers complained of health problems and continues mobility due to occupational health hazard had forced them to make away from their only livelihood source.

This study is a black dot on the corporate sector and MNCs in particular, which usually boast of their socially responsible practices in the global business scenario.
A survey conducted in (1998-1999) by SRI / IMRAB on the status of CSR reported the following (Hindustan Times, Jan 24, 1999).

1. About 30% of the companies surveyed had some sort of a policy on supporting social development.
2. Only 7% of companies had a written policy on CSR.
3. Of those having written policy, 86% were actually supporting activities; for the societal benefits.
4. The companies involved in development activities were old and large.
5. Only 16% of the companies were working with NGOs.

An opinion as formed by India National Research Report on the basis of two reports namely, 'Enhancing Business-Community Relations'—and 'The Altered Images report suggested that Indian companies are leading the way their multinational competitors in the corporate responsibility stakes. This opinion is supported by Business World India Research. The 1999 poll of the top twenty-five businesses in India according to scope and content of CSR practice, named 68 per cent Indian companies, 28 per cent multinationals and the remaining four per cent as public sector companies.

Research corroborates this International reputation analysts at echo Research tracked business and national media coverage during 2000 and interviewed 600 leading opinion formers in the U.K., USA France, Germany, Japan and Australia to examine how Corporate Social Responsibility has progressed as an influence on corporate behaviour and how the challenges it faces will change in future.
Findings were...

1. The results from the study rated companies on their Corporate Social Responsibility performance Ford, BP IBM etc in that order.

2. Companies need to maintain business justification and social credentials and involve middle management to make it happen.

3. Corporate Social Responsibility is rising in prominence - it is now perceived as a top table issue, delivering real business benefits as well as giving back to communities.

4. Over 8% Corporate CSR decision - makers were very confident in the ability of good Corporate Social Responsibility practice to deliver branding and employee benefits, despite some sceptism i.e. less than 100% thought that Corporate Social Responsibility really helps the socially excluded to become more “included.”

5. 76% of Corporate CSR decision makers spoke of the need for CSR to be owned and seen as a key group to convince and engage with specific CSR targets.

6. The study suggests that in order to stand its grand, Corporate Social Responsibility must be measurable.

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6. The study’s findings throws light on a major current need and that is,

7. Corporate Social Responsibility must be measurable.

The survey by Partners in Change (2000) showed that 85 per cent of the companies surveyed mentioned that business has a role to play in social development. The focus of most of these company activities is community development. Three-fifths of the companies polled mentioned that their activities were “purely philanthropic” and “no benefits were expected”.

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Others expected an improved image in the general public and the local areas they operate in.

- A 2001 Hill and Knowlton /Harris Interactive poll reveals that “79% of Americans take corporate citizenship into account when deciding whether to buy a particular company’s product and 36% consider corporate citizenship an important factor when making purchasing decisions.

- In India a survey by the Tata Energy Research Institute (TERI) titled ‘Altered Images: The 2001 state of corporate responsibility in India poll’ surveyed workers, company executives and the public in the four metropolitan cities. Some of the main findings were:

  1. Environmental pollution was regarded with great concern by all groups.

  2. The main expectation of the companies by the public was that they provide good quality products at low prices, treat employees well without discrimination, protect the environment, help bridge the gap between the rich and the poor, and help in social and economic development. Expectations differed across regions.

  3. Companies thought NGOs were the most trustworthy to work in the interest of the country. Employees and the public believed in the media and religious groups. The central government was not rated highly. Similarly, companies were not trusted to report fairly on their performance. External verification was. Hence, there is a great role that NGOs and the media can play in moving the agenda forward.

  4. Child labour was not seen as an issue by company executives and workers. But the workers did consider gender discrimination as a cause for concern.
5. So it can be said that the Indian consumer, small and large investors, NGOs, society at large and the corporate bosses – all are getting more aware about the importance of CSR.

➢ In between April 2001 to Dec 2002 a study conducted visiting 196 corporates by one to one meeting which is reported by Indian NGO’s Com Research to assess Awareness and sensitivity to CSR.

Some of the key findings of this study were...

1. In 58% of the Corporate the top management is involved in CSR decision making like selection of the focus of work, budget directions, type of NGO

2. In Multi-National Companies or large Indian corporates, top management is involved or informed and many times they visit the partner NGOs or the communities where the organisation work.

3. Departments involved in CSR activities of the corporates are:
   - Public Relation - 58% e.g. Birla, citigroup Colgate, Wipro
   - Foundation staff - 12% Ambuja, Infosys
   - CSR department / social initiative group:5% BILT, ICICI Bank, Tata council
   - Some other Depts handling CSR - HR, Taj.

4. Usually CSR is handled by one or two professionals and in most cases both have Corporate Social Responsibility as an additional responsibility.

5. Existence of Corporate Social Responsibility department
   - Over 15 years : 35%, Between 5 - 10 years : 29%, Below 5 years - 36%
6. Issues Handled

Issues of disability - 7.2%, Disaster management - 28.8%
Environment - 24.8%, HIV - 4.8%, Sexual Harassment - 24.8%

7. 85% of corporates work with NGos. And 15% work directly or have their foundations.

8. Issues supported by Indian corporates

Health - 53%, Education - 50%, Environment - 30%, Children - 27%
Rural development - 22%, Women - 14%, Disability - 13%

9. 34% of the corporates work with local State, central government, but some corporates strictly avoid working with the government, stating that the politician unnecessarily ask them to work in their respective constituencies.

The findings of a survey jointly conducted by the Confederation of Indian Industry, United Nations Development Programme, British Council and Price Waterhouse Coopers in 2002 involving 102 companies from corporate India. The key findings were:

1. CSR is very much a part of the domain of corporate action and passive philanthropy is no longer sufficient.

2. A significant portion of respondents recognised CSR as the means to enhance long term stakeholder value.

3. CSR creates a feel good factor about the company, increasingly instrumental in retention of talent.

4. It creates distinct customer preference for companies with a social conscience.
5. CSR increases expectation of shareholders that their companies should be sensitive to needs of society.

6. Good corporate citizenship and CSR initiatives are directly linked to improved brand reputation.

7. CSR provides an opportunity to improve relationships with local communities.

8. Most companies do not have a systematic approach to CSR implementation.

9. The survey felt industry associates have a critical role to play in shaping experiences and rewarding best practices.

10. It suggested inclusion of CSR as a subject in business schools. In fact the AICTE, CII and UNDP are already working on developing 20 case studies on CSR in India to be used for management education.

World Economic Forum (2002) surveyed CEO attitudes towards corporate citizenship from 16 countries in 18 industries. The Forum considers corporate citizenship, which is similar to the term corporate social responsibility (CSR), as a fundamental component of core business operations and not as an optional “add on”. The report entitled Responding to the Leadership Challenge: Findings of a CEO Survey on Global Corporate Citizenship, was based on questionnaire responses by the CEOs of public, private, and state-owned companies.

The report found that many of the companies surveyed had specific corporate Governance Structures in place to assess and promote corporate
responsibility, mostly in form of board sub-committees and executive committees on Corporate Social Responsibility and sustainability.

- Further the survey revealed that the CEO desire more sound empirical evidence linking Corporate Social Responsibility performance to financial and market performance.

- Although the report also cited the research conducted by sustainable Asset Management (SAM) (2002) revealing that only 16% of the 1,336 companies SAM assessed in 2002 have established specific board committees on Corporate social responsibility and sustainability. A mere 29% of companies assessed by SAM have taken formal responsibility for corporate social responsibility or sustainability.

- The SAM Research found that only 9% of the companies surveyed reported that more than 3% of their work force received variable remuneration and compensation linked to Corporate Social Responsibilities performance.

- Earlier in year 2003, the UK-based International Centre for Corporate Social Responsibility (ICCSR) carried out a survey of CSR activity in seven Asian countries - India, South Korea, Thailand, Singapore, Malaysia, the Philippines and Indonesia. The body trawled the websites of 50 large corporates in each of these countries to see evidence of CSR reporting, which in turn indicated levels of CSR activity. (China was left out because its legacy of state-owned businesses meant CSR activity would be low, while Japan wasn’t considered because its companies are well integrated into the Western business model that has, for some time now, been laying stress on CSR.)
1. India ranked at the top of the survey - 72% of the sample reported extensively on the CSR work done by them. This percentage was much higher compared to the others. South Korea came second at 52%, followed by Thailand (42%), Singapore (38%), Malaysia (32%), the Philippines (30%) and Indonesia (24%). What also emerged in the study is that Asian businesses are developing their own models of CSR, different from the ones practiced in the West. Other studies also support this.

2. Developed by the World Economic Forum's Global Corporate Citizenship Initiative (GCCI) in partnership with the International Business Leaders Forum (IBLF 2003) undertook a survey involving all their member companies from all over the world. More than 1335 top executives were contacted through structured questionnaire to explore;

1. Why Global Corporate Citizenship Matters for Shareholders

2. How chief executive officers (CEOs), chief financial officers (CFOs) and investor relations officers (IROs) communicate the strategic importance of the social and environmental aspects of their firm's performance to investors.

3. To examines how these companies are articulating both the business case and the "leadership" or "values" case for global corporate citizenship key findings from this in-depth survey include:

1. Signs of change in the financial sector: In a limited, but interesting number of cases, during 2003 some of the world's major institutional investors started to flex their muscles on issues related not only to improved corporate governance and ethics, but also broader issues of corporate citizenship. At the
same time, the Socially Responsible Investment (SRI) movement, while still representing a tiny percentage of global funds under management, continues to grow in terms of size, sophistication, geographic scope and influence.

2. Obstacles to overcome: The CEOs, CFOs and IROs surveyed identified five interrelated types of obstacles to mainstream investors showing more interest in how corporations address the risks and opportunities related to corporate citizenship:

1. Problems of definition of corporate citizenship / corporate social responsibility,
2. Problems of making and measuring the business case,
3. Problems with quality and quantity of information,
4. Problems of skills and competence in managing and measuring CSR,
5. Problems of time horizon for measured impact on business performance.

3. Four golden rules: The CEOs, CFOs and IROs identified four “rules” for communicating the importance of corporate citizenship to investors, are:

1. Frame corporate purpose, principles and values with clarity - Even when speaking to investors, corporate citizenship needs to be about more than simply “making a business case” that links it directly to bottom line benefits. It should also be a statement about what the company stands for and would stand by, even if this sometimes incurs costs or results in a lost business opportunity.
2. Emphasize the social contribution of core business - At the same time, business leaders need to be less defensive about their core role in society. They need to be able to demonstrate the societal contribution made by their
economic multipliers such as employment and income generation, technology transfer, training, supply chain development, innovation and wealth creation.

3. Present a credible and measurable business case for corporate citizenship - Each board of directors and executive team needs to be able to define, explain and ultimately measure the ethical, social and environmental risks and opportunities faced by its company and industry sector including both intangibles and their impact on reputation as well as the measurable.

4. Ensure consistency and coherence of message - A major cause of distrust, among investors as well as other stakeholders, is inconsistent messages and incoherent policies from business. Corporate leaders need to apply a similar rigour and analysis to their social and environmental reports as they do to their annual report. They need to ensure that their social and environmental commitments extend to all aspects of the company, from the boardroom to the mailroom, from public policy positions to pension fund options, and from headquarter functions to far-flung operations.

> A survey, entitled "Race to the Top: Attracting and Enabling Global Sustainable Business" commissioned by the World Bank Group, and published in 2004 had interviewed executives of multinational enterprises with an objective to examine the role of CSR when large corporations consider new trade and investment ventures.

The Study found that...

1 61 per cent of respondents (executives of multinational enterprises) were seeking strong laws on CSR when seeking partners, which are rigorously
enforced to create a level playing field for business and discourage corruption.

2 When looking for local partners, respondents reportedly take their own company's code of conduct as a guideline (51 per cent). Just over 30 per cent of respondents, however, require adherence to an external code or standard.

3 Host countries and partners were most often required to adhere to ISO 1400 and the International Labour Organisation (ILO) conventions, among the multi-sector codes. The most influential forums identified in this survey were the Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD).

4 The survey has found that the influence of external standards shows regional differences. The impact of ILO Core Conventions, the UN Global Compact and the OECD Guidelines for MNEs appear to be high in Western Europe and Japan (between 40 and 60 per cent of respondents). In developing countries, the impact of ILO Core Conventions appears to be the strongest among the three codes, while the UN Global Compact was perceived as the most influential standard in the US, Canada and Australia.

> IndianNGOs.com Research on CSR involved meetings with Corporates who have and who do not have CSR Programmes. The research revealed some reasons why Corporate have some reservations about investing in Traditional CSR Programmes.
1 Financial Reasons - Budget Restrictions

Many Corporate cite this as the major reason why they do not have CSR Programmes.

In this category, one can also include Companies in the Manufacturing Sector / Engineering Sector which invested in CSR earlier but do not have CSR Programmes now, because of Economic pressures. Notable among the later category are Groups like the Mafatlal Group whose contribution to Society needs to be acknowledged.

2 Lack of understanding that small budgets are enough.

Most of the companies feel that CSR is a costly exercise and one must have huge budget outlays to make an impact.

3 Lack of understanding of non financial giving

Most of the corporate do not consider non-financial giving as an integral part of CSR.

Corporate invariably think that CSR means money out flow.

Most of the Non CSR Companies or even the CSR Companies do not look at Non Financial Giving like Giving Infrastructure, Giving Employee Time & Expertise, Giving In Kind....because many of them are not aware how simple it is.

4 NGOs on the other hand, have also not made concerted efforts to seek Non Financial contribution from the Corporate Sector.

5 Unnecessary diversion of attention.

Some Young and Entrepreneur driven Corporate think CSR unnecessarily diverts the attention of the employees.
6 Suspicion about NGOs

Corporate are not sure how their funds will be utilised by the NGOs.

Some Corporate think that NGOs want only money and not involvement.

And they also want to take credit for the entire project.

7 Management of NGOs

Corporate at times feel that NGOs are family managed (husband/wife) organisations.

The succession planning of the NGOs is a major worry for Social Investors.

There is a great need for NGOs to improve their Credibility and Visibility in the Corporate Sector.

GlobeScan Inc’s Corporate Social Responsibility (CSR) Monitor is an annual survey about public opinion around the world concerning the changing role of companies. The purpose with the survey is to cover issues concerning corporate responsibility, and to provide global decision makers with information to better understand the trends shaping their international business and policy environment (GlobeScan, 2004). The 2004 CSR Monitor focus on views, attitudes and behaviour of consumers around current CSR issues and tries to reflect differences across social borders over the world. The 2004 year’s survey include topics like: trust in companies and other institutions, regulation of CSR, expectations of companies, communications around CSR, company ratings, ethical consumerism etc.and the findings were,
One of the major findings from the survey was that corporations need to understand the uniqueness of each market so they can make "tailor-made" campaigns directed towards a special type of audience.

The survey highlights differences among people from different countries and parts of the world. These differences concern how people prefer to receive CSR information and corporate CSR activities that they find most interest in.

Globescan (2004) found a majority among countries with an increase in public opinion, supporting regulation of CSR, compared to previous years decrease. Two of the countries that showed a decrease of demand for CSR regulations during 2004 were Great Britain and USA. Expectations of companies to be socially involved are high in most countries and employees have a high demand towards their employers to focus more on being socially responsible.

People in developed and developing countries put different importance in areas where they would like corporations to put their attention, when it comes to CSR and involvement in the society. In both developed and developing countries it is a general believe that companies should involve in education and training. When it comes to the second place, of the result in the survey, it is a difference between answers from the developed and developing countries. Developed countries wish to see involvement in human health while developing countries wish to see involvement in the fight against poverty. As a compliment to this question people were asked in which area they thought companies would be most effective in improving local communities by their involvement. Overall the opinion showed that the environment is the area that people think companies can have the largest
impact. The survey also shows that preference for work around poverty is particular high among Opinion Leaders.

The result from this should be that corporations should pay more attention to Opinion Leaders because they have a prominent influence on the rest of the public, who also are consumers. It is well known that Opinion Leaders often have more impact on the general public views then formal leaders of a society (GlobeScan, 2004).

> Aileen Nowlan (2005) spent six months in India where she researched corporate responsibility and development, focusing on the ways in which multinational firms try to establish the legitimacy of their enterprises in rural villages in India. Foreign corporations in developing countries have, to varying extents, recognized a responsibility for the social and environmental impact of their operations. However, corporate responsibility’ is plagued by the difficulty of understanding what would or should be considered ethical in developing countries like India. For example, if communities are relocated to build a mine, does the firm have to make plans for resettlement? Should it insist that women be included in discussions about the location of a facility, even if they are traditionally excluded from politics? Should an MNC build schools, roads, health clinics etc. in the area where it operates? Current theories of business ethics call on local norms and expectations of corporate conduct to provide guidance on these difficult questions. Discussions with all effected groups are supposed to ensure sustainable profitability and positive impact on development. Aileen’s research demonstrates that participation’ in
dialogues is insufficient due to social, political, and economic inequalities that make marginalized groups unable to influence the outcomes of these dialogue processes. This conclusion calls into question the reliance on voluntary self-regulation by firms who try to articulate authentic norms for ethical conduct in vulnerable communities in developing countries.

The KPMG International Survey of Corporate Responsibility Reporting 2005 that included more than 1600 companies, including 250 companies of the Fortune 500 (Global 250) and the top 100 companies in 16 countries (National 100) found that corporate responsibility reporting has been steadily increasing since 1993. KPMG found that in 2005:

1 “52 percent of the G250 companies and 33 percent of the N100 companies issued separate corporate responsibility reports, compared to 45 percent and 23 percent, respectively, in 2002.”

2 The most dramatic change that KPMG found was that many of the companies have moved from simply reporting environmental data to reporting sustainability information on social, environmental and economic issues.

3 Although many of the companies in KPMG’s survey claim that they report corporate responsibility for ethical reasons, 74 percent list “economic considerations” as their primary motivation for issuing CSR reports.

4 KPMG also found that although about 60 percent of the CSR reports they reviewed addressed social issues such as labour standards, working conditions and community involvement, “reporting performance remains sketchy, possibly due to the lack of clear social indicators.”
Public trust in CSR and sustainable development reports may also be undermined by the fact that only about 30 percent of the 1,600 companies surveyed by KPMG included formal independent “assurance” statements, only one-third of the companies invite feedback on the reports from users, and only 8 percent report on the feedback they receive.

Anupama Mohan (2006), examines the management of CSR activities by large multinational corporations (MNC). Using an embedded multiple case study design, Mohan examines the management of CSR activities in eight subsidiaries of two MNC. Although all the subsidiaries operate in India and the two firms are UK-based, the subsidiaries are from diverse industries, having diverse stakeholders. Mohan gathers and analyzes data for multiple activities across four dimensions of CSR - employee, customer, environment, and community. The data allow for comparisons across companies, across sectors, across levels, and across dimensions.

1. Mohan concludes that MNC manage some activities globally, with standards determined at headquarters and allow some activities to be managed locally, with managers responding to local concerns.

2. Interestingly, she finds that there are differences across the four dimensions as well as across levels and industries.

Conclusions drawn after reviewing the literature are:

1. The review of CSR and other related concepts highlight that most of the social scientists consider CSR as a social issue and tends to focus on
stakeholders. Often CSR is defined as the new stakeholder approach, referring to the “evolution” of stakeholder management. Moreover, it is a complex subject which lacks even a single broadly defined definition.

2. Others do not specify CSR as purely stakeholder focused. They define CSR as a social issue that companies have to take into account; for sustainable development of the business and society due to changing economic patterns globally.

3. The literature survey of CSR related material revealed a vast body of information. As noted in the introduction, there is no strong consensus on a definition for CSR. CSR has been used as a synonym for business ethics, defined as tantamount to corporate philanthropy, and considered strictly as relating to environmental issues also. The term CSR has also been used as corporate social performance and corporate citizenship. The lack of consistency in the use of the term CSR makes it difficult to be peer reviewed and compare results across studies.

4. There are numerous unresolved theoretical and empirical issues relating to the strategic implications of CSR. These include along with defining CSR, identifying institutional differences in CSR across countries, determining the motivations for CSR, describing CSR strategies, modelling the effects of CSR on the firm and stakeholder groups, determining the effects of leadership and corporate culture on CSR activity, assessing the effect of CSR on the firm and stakeholder groups,
measuring the demand for CSR, measuring the costs of CSR and assessing the current knowledge base.

5. What emerges therefore from this debate is, business as both a social and economic institution requires demonstrating its social responsibility.

6. Although a great deal of CSR is still in the traditional form of community involvement, there are new waves, such as attention to socially responsibly products and processes and socially responsible employee relations, human rights and corruption issues etc. in developing countries.

7. The review also showed the extent to which the volume of the literature is increasing over time, a rate of increase that appears to be rapid, especially from the 1990s onwards, indicating the significance and timeliness of this research.

8. The perception of social responsibility is providing a major means of achieving long-term economic success, and a key vehicle for enhancing corporate image in the social report, that too is not mandatory is, favoured by a number of commentators, including Elkington (1997), Zadek et al (1997), Wheeler and Sillanpää (1997), The value of the social report is perceived as enough in the creation of social transparency as well as in institutionalizing image of creative thinking in management.
9. In literature, there is no common agreement on the question if CSR should be defined as purely a voluntary concept or an approach which should be strictly regulated and to which companies should be obliged.

10. While research on CSR in the 1980s and 1990s mainly focused on the link between Corporate Social Performance and financial performance, some sound theoretical models were developed with regard to the principles of CSR. (As seen in next chapter).

11. The literature on multinationals and CSR is the most embryonic. Partly, this is because CSR is difficult to define, especially in the context of MNEs. The International business research has been largely ‘looking into’ Multinational Enterprise, rather than ‘looking out’ from Multinational Enterprises to the societies in which they are operating. Such firms operate in diverse environments and cultures, and thus are more likely to encounter numerous stakeholder groups and non-governmental organizations (NGOs). Further it seems that though the international business scholars are arguably the prime experts on Multinational Enterprises, they have contributed relatively little to explaining and evaluating ‘the role of Multinational Enterprises in society’.

12. Despite some notable exceptions that may have been inspired by the purely ethical considerations, concept of corporate responsibility for most companies was largely economic in the 19th century. This view has modified with time under the influence of government and public
pressure, with a resulting contemporary view of CSR that is still economically oriented, though underpinned by the requirement to consider social causes and the social consequences of an organization's economic activities.

13. Reading about the Global Corporate Responsibility it is clear that while there is an increase in the international awareness of the importance of responsible behaviour, there is also pressure for improved corporate economic performance. There is the possibility that institutional investor activism operates counter to social issues activism either nationally or internationally. Even to the most innocent observer, plenty of CSR policies smack of tokenism and political correctness more than a genuine concern to "give back to the community." Despite these facts in the competitive landscape, the researcher is not aware of any empirical research to examine the relationship between the degree of multinational involvement in corporate social responsibilities felt and carried out focusing social realities of the host country. An examination of the review reveals that while there have been more than three dozen papers published in the last two decades addressing multinationality and corporate social responsibility/performance, most of them are prescriptive in nature. The purpose of this study is to extend knowledge through generating empirical evidence of multinational enterprises' undertakings of social responsibilities in India/Gujarat, their present status of adherence to global CSR guidelines and their opinion about CSR in the global context.
In the chapter of Research Setting a detailed review about the state of Corporate Social Responsibility in Multinational companies is discussed. The multinational corporation (MNC) has been increasingly used as a context for conceptual and empirical work as they are the key players of globalise world economy.