CHAPTER 1
INTRODUCTION

Corporate organizations are one of the most powerful and dominating subsystems of society. They are in command of a lot of technical, financial and human resources. Whichever way these resources are used, there will be an impact on the society. These impacts will be obvious economic and social consequences (Card, 2005). ‘Corporations’ can actually dispose of any ‘social’ or ‘moral’ responsibility was a primary question once and lot of scholarly debate has been originated from it and still continuing. Scholars argued that the reasons for corporations to be able, but also obliged to assume responsibilities lies in their specific mode of functioning. They constitute accumulation of individual and those individuals do have social and moral responsibilities that remain untouched by the state of belonging to a corporation or corporate organization. So the individual employee or executive remains liable for his or her wrong doing, but what is important is that very often unethical conduct is not an individual issue, but fostered by unethical environment rules, guidelines, requirements for performance all of which are set by the corporation itself and continue to exist even independent of individual leaders or executives, and thus form part of the corporate culture. Due to these complex processes of organizational identity, learning, and also due to the fact wrongdoing oftentimes occurs in whole ‘networks of corruptions’ (Nielsen, 2003) as the major corporate scandals have sadly proven. Individual responsibility is clearly not enough to address the problem of corporate responsible or unethical conduct. “Catastrophic errors are rarely a failure of a single person,” but “almost always a failure of a system” (Card, 2005), therefore corporations as entities of their own have to assume responsibilities independent of the concrete agents doing business on their behalf. Corporations have started acting according to this rationale for quite some time. That is why a variety of theories and different concepts around Corporate Social Responsibility (CSR). The term “social responsibility” means the
accountability to society. Social responsibility is an ethical or ideological theory that an entity
whether it is a government, corporation, organization or individual has a responsibility to
society at large. This responsibility can be “negative”, meaning there is exemption from
blame or liability, or it can be positive meaning there is a responsibility to act beneficently
(proactive stance). A historical over view at what made CSR the important management
issues today are worth looking at.

1. EMERGENCE OF CORPORATE SOCIAL RESPONSIBILITY

Today’s Corporations have their origins in century old institutions which were founded for
colonial purposes and put in charge for the management and execution of public projects-the
foundation and existence of those corporations remained a privilege granted by the state at
first, and therefore, staid within its discretionary power alone.

Industrialization brought the first ‘boost’ in corporate growth and development, as it changed
the legal system of incorporation from a state of dependence on concessions towards a right
to existence in case of conformity with national corporate laws requirements. From that point
of time, corporations ceased to be a mere instrument for governments and started acting in an
independent way, governed by their statutes only and primarily serving private aims, namely
shareholder rights and interests. It is at that point that one can observe the turn towards profit
orientation and ‘negligence’ of the interests of the society the firm is operating in, fuelled by
classical economic theory and liberalism. Smith infamously states collective interests are best
served through the ‘natural’ pursuit of individual interests. From the late 19th century on,
classical and neo-liberal economist therefore stick to his doctrine when arguing that the
pursuit of corporate self-interest would automatically benefit society as a whole. Evidence for
the affirmation that “Corporate Selfishness” historically sparked societal development
through investments and innovations, and therefore did contribute to general progress and
welfare, can in deed be detected. This existing benefit was, of course, distributed unequally,
as early corporate critics, especially Marxists, stated (Crowther, 2004).
The conflict between the orientation towards profits exclusively and a 'social conscience' of entrepreneurs and their actions in business has been especially observable in the United States of America: Around the turn of the century, the profit 'mantra' was cultivated to almost religious extents in the country of self-made millionaires on the one hand. But on the other hand, even in this early capitalist age, criticism from within the system could be heard: Robert Owen expressed his dissatisfaction with the then prevalent focus on financial results exclusively, and built model housing for his workers. Other industrialists exercised a 'social and moral responsibility', they felt towards their workforce by making them go to church and strictly scrutinizing workers in their residences, making them go to Sunday school and prohibiting alcohol consumption. However, those industrialists 'moral' responsibility for workers may have helped keep a certain standard of moral 'soundness' among the workforce, but these ambitions did certainly not go far enough to address the grievances the workforce was in reality suffering from, namely health damaging working conditions, 12-hours days and child labour (Walton, 1999). Industrialists 'worries consecrating sinful behaviors can of course only look shallow from today's point of view.

More useful contributions to the well-being of the poor and underprivileged occurred under the paternalistic efforts by the famous 'American Philanthropists', Carnegie, Rockefeller and Ford. In a time of almost 'manic hunger for wealth and fortune', they generously used their (private) means for charitable donations and the voluntary provisions of much needed social services. While Carnegie and Rockefeller donated for higher education institutions, among others, Ford went even further and built schools and employed the most disadvantaged within American society. Further more, Ford handed out generous profit shares to his workforce, and set up company owned alimentary shops offering key products with prices one-fourth under the then current marked prices. These policies stood in sharp contrast to other business of that were mainly following Ricardo's doctrine (Walton, 1999), which declares workers just one of the factors of production costs, which can and must well replaced whenever not
profitable. However Ford's measures always considered the companies' interests, thereby benefiting its owners, managers and employees' interests. Ford could behave quite unethically too, for instance, when he struck down a strike with lethal consequences (Martin, 2003)- the fact that this apparent contradiction of a company and its owners and decision-makers acting in socially responsible and irresponsible ways at the time did not result in public criticism clearly shows the public used to react with gratitude and admiration faced with corporate philanthropy and giving, and had not at all perceived this engagement as a corporate responsibility yet (Crowther, 2004). On the contrary, fervent criticism for corporate philanthropic donations given by businessmen came from many sides, namely from the one of other industrialists themselves. The “Committee on Industrial Relations” had Condemned Carnegie’s and Rockefeller’s donations as a ‘threat to society”, as they have constituted unlawful intervention in state’s business”. According to the committee, such interventions by business brought them a “dangerous degree of influence by private power circles” over domains reserved for the state and its actors. (Walton, 1999)

The World Economic Crisis and World War II have changed the scenario, particularly when President Johnson asked firms to stop foreign investment for the sake of a stable trade balance. Legislators also reacted to this change in paradigm and contemporary necessities by passing laws encouraging corporate engagement in actions different from their core business activities. The Federal Revenue Act declared any corporate donations for charitable reasons fully deductible from taxes (Walton, 1999) after the end of the World War II thought on Corporate Social Responsibility began to blossom for engagement of private business for national interests and for the well being of society at large. Statement like “Organizations must be responsible to community values” and they would therefore have to consider their “economic, legal, moral and social impacts sporadically in the 40ies (Crowther, 2004) but the true father of Corporate Social Responsibility is Bowen with his 1953 landmark book “The Social Responsibilities of the Businessman” (Carroll, 1999). Bowen’s contemporary scholars
that time had vividly rejected the existence of “social responsibility”. The ‘Classical’ or
traditional view thus does not accept any responsibility of business other than its producing
goods and services for the market in the most efficient way, and thereby achieving
‘maximum profits for its owners, the shareholders. The major reproach towards managers
negligent of this doctrine to make as much money possible by engaging in social activities is
that they are ‘spending other peoples money” – did they use their own founds following the
example of the paternalistic industrialists like Rockefeller or Carnegie, the neo-classical
scholars wouldn’t find anything wrong in doing charity. But diminishing their employer’s
dividends means neglecting a fiduciary duty, which arises from their contract of employment
between the company’s shareholders and its top management, legitimately put and kept in
power by precisely these ‘owners of the corporation. This means the proponents of this way
of negatively perceiving CSR engagement as an infraction of owner rights and a contract
fraction are basically arguing with agency theory. Social issues are in the opinion of these
scholars best served by public policy; a firm fulfils all of its obligations by adhering to laws
and regulations whilst running the actual business according to the best of ones knowledge.
However, an increasing number of managers had a different opinion on this topic and in order
to have the acceptable scope of corporate ‘social action, namely charitable donations at that
time, clarified by legal authorities, a landmark case was soon brought to the courts: The A.P.
Smith Manufacturing Company, donated a more US$ 1500 Princeton University. This rather
unspectacular case constituted indeed more of a ‘show case’ than anything else, as large
corporations wanted to test the reaction of the courts towards corporate donations, at the
example of a relatively small case. The lawyers line of argumentation in the case reflected the
on going so far predominantly academic debate on the permissibility of corporate social
action: The shareholder side on the one hand argued the corporation had been crate with the
‘explicit purpose’ of profit generation through business activity, ‘misuse’ of corporate funds
to private educational institution like Princeton University therefore constituted an ‘abuse of
entrepreneurial capital’ The corporation should remain tied to its statutory purpose, the
corporations” top executives would therefore have to abstain from further violations of
owners and contractual rights. The management lawyer, on the other side, relied on a law in
New Jersey that authorized managers to provide funds for donations that they considered
appropriate in the first place and that simultaneously contributed to protect corporate interests
– in short, they argued with the discretionary power of the management, sanctioned also by
the law. The verdict states that corporations, with their need for knowledge worker, are in
their very business activity dependent on the value of education and skills of their (potential
future) workforce. Adequate provisions of funds, especially from the private sector to keep
educational institutions, free from political influence, are thus vital for society at large, and:
“What beneficial for society at large is also beneficial for the corporation. The judge stated
donations to institutions for higher education constituted a ‘Central entrepreneur at if
unwritten, right, and even a ‘holy duty ‘in the perception of that court” (Walton, 1999).
The Second ‘landmark’ case dealt with corporate charity without any connection to
education. The Union Pacific Rail Road foundation had provided substantial emergency aid
after a San Francisco earth equate, in detail it had provided 1600 wagons of alimentary and
other goods, given additional donations, plus, had conducted the evacuation of some 2,50,000
people, all of this free of charge. These actions clearly had no immediate benefit for the
company but the court decided these actions constituted the building of considerable long-
term competitive advantage through increased public benevolence and goodwill. The verdict
went on to infamously state: “Corporations are from now on allowed to love mankind.” As
the legal system had made it clear that certain amounts of ‘Corporate Philanthropy’ and care
for issues society as a whole is concerned is not only possible on a voluntary basis, but might
be considered on ‘duty’ by some in the US. Opponents of CSR did their best to regain ground
quickly ‘Critics’ soon predicted shareholders would start ‘revolting’ against these decisions.
But to the same extent that the two model lawsuits were nothing more than showcases, many
experts have doubted that alleged “shareholder revolutions” and protests evoked by some scholar and analysts in the financial press have ever actually happened. Due to CSR Critics’ fundamental and unconditional ideological objections towards CSR, the validity of alleged shareholder revolts is indeed not secured, but it is on the contrary, quite undoubted that in reality, these expected outcries by corporations’ owners were almost completely absent. Only two corporations reported shareholder protest, worth talking about at the beginning of the ‘CSR era’ in 1963. Both protests were protest durable and vivid enough to render any adaptation of the corporate strategy necessary at all. On the contrary, a large proportion of shareholders engages for social causes and insists the companies they invest in do the same in the wake of the legal model “dispute” regarding donation to American colleges, many shareholders encouraged even greater donations for educational purposes by ‘their’ corporations. To sum up, shareholder revolts covered by some financial news media in the 70ies as an attempt to punish managers negligent of the very fundamentals of free society by engaging in CSR appear more like ideological “Wishful thinking” than reality. While the neo-classical approach to CSR has kept insisting on its arguments and remained of considerable weight, especially in the US debate, until recently, new theories and much support for the idea of firms taking on greater responsibility for the society they are operating in except for making profit and complying with laws have emerged with time. The 1970ies brought a variety of contributions to the topical issue of CSR from various discipline that split the CSR concept into different theories with slightly different goals, but still all of which have one basic aim in common: to rethink and redefine the relationship between society and business. Corporate Social Responsiveness Constitute a more action-oriented approach—providing managers with strategies and tools for meeting ethical and social expectations. Corporate social performance understands the measurement of outcomes and success, thus how successful a firm fulfills its obligations towards society (Garriage & Mele, 20004). One of the new and multidisciplinary concepts is called corporate citizenship, which has been
taken from political science by business practitioners as an alternative to CSR in the 90ies. Corporate Governance, on the other hand, is as the name indicates, concerned with lawful and correct governance of the firm in the sense of accounting rules, reporting and all other requirements that may arise from ‘hard’ and ‘soft’ law, thus from legal obligation on voluntary self regulation.

Another crucial advancement in CSR theory is Freeman’s stake holds theory: He declares not only the owners of a firm have a legitimate interest in and claims (Stakes) on the firm (Walton, 1999) but every individual or group that may affect or be by the company’s activity has a right to be considered in the process of decision making (Garriga and Mela, 2004). The consideration of such a wide range of constituencies may have been controversial in the beginning, but today, stakeholder theory is almost undisputedly acknowledged among both scholars and practitioners, and stakeholder relations management has become a difficult, but crucial tasks when running a successful (Goll and Rasheed, 2004). The late 1970ies and 80ies saw an increase in conscience for and ever further enhancement of various stakeholder concerns: Both the consumer protection and the environmental movement could considerably gain ground in this period of time. In the case of consumer concerns, legislation providing consumer protection and an increased liability of companies for their products and services was passed. Necessity of preserving the environment for future generations the concept of sustainability was crated, at first addressed to governments, but later also to private business to ensure stable long -term growth instead of short- term profit achievement. Despite this increased observation of corporate activity from a social and environmental well-being point of view, the 80ies and 90ies saw a series of major corporate scandals, fraud, and white collar crime but also of human and environmental tragedies caused by irresponsible and ignorant corporate behavior. The accident of Bhopal, caused by negligence of human and environmental security, and shells Brent Spar plans are just the tip of the iceberg of corporate indifference towards environmental and border social concerns. The bankruptcy of the Enron
and World.Com and the consecutive breakdown of accounting firm Anderson have seriously shaken public and investors confidence in corporations (Crowther, 2004). As a response to scandals, corporate governance initiatives have been undertaken in many countries. Which have agreed upon rules for corporations regarding transparency and good governance (Boyd, 1996). The human rights community has also become ever more involved in the concept of CSR during the 90ies mainly through ILO conventions, and the concept of sustainable global development that increasingly intends placing responsibility also on private companies as a constituency being an ever more important driver of development. The UN Global compact clearly shows this shift in paradigm, encouraging private companies to help achieving more just and sustainable development at a global level. Another supranational community that has taken up the field of CSR is the European Commission, which has published a Green Book in 2001 with Voluntary guidelines for European Corporations that want to contribute, inter alia to the achievement of the Lisbon goals. Another development of recent years is the fast growing segment of the capital market called “socially Responsible Investment” (SRI). Also in the field of consumer activism social responsibility as a major tends has emerged, the most well known of which probably is the “Fair Trade branch. These changes in consumer and investor perceptions regarding a firm’s duties and responsibilities show that CSR has undoubtedly gained ground during the last decades. Nowadays, just having a look at corporate Website, and the general or professional media, CSR is almost everywhere: It seems to have become a ‘must ‘or has ‘turned virtue into a necessity’ (Valor, 2005). Notions of corporate responsibilities have changed dramatically and dramatic drops of share values punish highly irresponsible behavior immediately as many deterring examples have seen. So in a neo- classical understanding, at least the negative excesses of unethical corporate behavior won’t go unpunished by the market itself, and to an increasing extent, powerful lobbies within civil society now try and secure this punishment by putting corporate behavior under scrutiny for the save of all members of society. Companies apparently have to be afraid
of the verdict "irresponsible corporations", as damaged reputations can harm supplier, government, consumer and investor relations, thus seriously affect core business sense, as forms can not afford irresponsible behavior.

2. CORPORATE SOCIAL RESPONSIBILITY: THE CONCEPT

Corporate Social Responsibility, which comprises of three words, refers to the responsibility of the corporate houses towards the society. As per legal provisions, a company is a registered body owned by the shareholders and has to carry on its activities as per its byelaws to be regulated as per the provisions of the companies Act. The company is primarily responsible to its shareholders. A visionary company that will survive in the long run operates on a timeless set of core values and enduring purpose that goes beyond just making money (Collins and Porras, 1994). Corporations are no longer viewed as only the economic entities but are perceived to be an inseparable part of the society and management has become a major leadership group in the industrial society that have a greater responsibility not only towards their profession but also towards the people they manage and the society and community in which they operate. The concept of CSR first got a dynamic turn when H. R. Bowen (1953) defined the concept as an "Obligation to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. Kenneth R. Andrew (1978) explains the emergent concept: "By social responsibility we mean the intelligent and objective concern for the welfare of the society that restrain individual and corporate behavior from ultimate destructive activities, no matter how immediately profitable, and leads in the direction of positive contributions to human betterment, variously as the latter may be defined. Social responsibility refers top businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest. Thus, social responsibility has two rather two faces. On the one hand, businessmen recognize that since they are managing an economic unit in society they have a broad obligation to the community with
regard to economic development affecting the public welfare, such as full employment, inflation, and develop human values such as morale, cooperation, motivation and self-realization in work. Accordingly, the term, “social responsibility” refers to both social-economic and socio-human obligations to others.”

There is no universally accepted definition of CSR. But definitions put forwarded by CSR organizations and actors include:

"Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (World Business Council for Sustainable Development).

"CSR is about how companies manage the business processes to produce an overall positive impact on society." Mallen Baker

As per Business for Social Responsibility (BSR), CSR is defined as “Operating a business in a manner that meets or exceeds the ethical, legal commercial and public expectations that society has of business. Leadership companies see CSR more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations or other business benefits. Rather, it is viewed as a comprehensive set of polices, practices and programme that are integrated throughout business operations, and decision – making processes that are supported and rewarded by top management.”

The European Union has defined CSR, as “that requires an enterprise to remain accountable for its impact on all relevant stakeholders It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of work force and their families as well as of the local community and society at large.” Michael Hopkins (2003) defined CSR as treating the stakeholders of the firm ethically or in a responsible manner “Ethically or responsible” means treating stakeholders in a manner deemed acceptable in civilized societies. “Social” includes economic responsibility
as well. Stakeholders exist both within a firm and outside – for example the natural environment is a stakeholders. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation. Kotler and Lee (2005) have defined CSR as “a Commitment to improve community well being through discretionary business practices and contribution of business resources.”

3. NECESSITY OF CORPORATE SOCIAL RESPONSIBILITY

Throughout the 20th century, especially after socio-economic and socio-legal development have shifted considerable social power to the private economy in general and more specifically to large corporations. Out of these favorable new circumstances a potential for influence, but also for abuse of power by corporations can be derived while at the same time Corporate Social Responsibility has risen in importance as a legitimate and widely accepted counter balance for corporate power, influence and potential wrong doing. Aside this negativistic stance on CSR as a necessity for controlling corporate power excesses at least to a certain degree, social change like an increased perception of stakeholders rights, as opposed to the traditional free market view for selfishly pursuing its interest, and of a need for protecting and preserving the natural environment for future generations have positively enhanced CSRs legitimacy.

3.1. Power Exercise

Large Corporation have come to exercise considerable power over whole countries, national economics, political leaders and the consumers, this influence being of both economic and political nature. Corporations do, of course, exercise economic power in the first place: Power can be defined as “the ability to constrain or influence the options open to others” (Bessley and Evans, 1978). Now obviously, the considerable size and market power large corporation dispose of due to the “large scale industrial change” that has taken place within the 20th century largely allow them to dictate economic conditions for partners, consumers, or
competitors within certain markets. Another aspect of economic power in the sense of setting limits for other actors' options is corporations' ability to pressure governments and as a consequence, whole countries with economic decisions like offshoring or downsizing as means rationalizing their production processes (Crowther, 2004).

Corporations' influence on political power is seen as they pursue aggressive lobbying in many parts of the world to ensure their needs are being met by government; this includes activism for deregulation and liberalization but also for free markets and competitions, and attempts to levy tax burdens imposed on companies (Walton, 1999). Another factor of corporate power, and of the exercise of this power, is the internal structure of governance that has considerably changed since the industrialization process; in the post-industrialized age; and especially after World War II, the 'formula' for best social development used to be postulated such that the largest degree of general well-being could be achieved through the establishment of a free market with private business, governed by a framework of laws. Now given, ownership and control became separated and with it the risk and rewards of business activity. This has the well-known effect of private investors risking relatively little while enjoying full rewards, and imposing the corresponding risk of business activity on other imposing the corresponding risk of business activity on other stakeholders—especially on the employees and contractors of the respective—corporations simultaneously, the managers running the business are only within very narrow limits personally liable for the fulfillment of contracts, they have concluded in the name of the corporations (Crowther, 2004) so this restructuring of corporate organization, which allowed for a hitherto "unprecedented growth" of the corporation through capital and skill accumulation, has had the effect of concentrating considerable power in the hands of very few. In the backdrop, when corporations engaged a considerable rise to power and influence, over employees, suppliers, consumers, competitor's governments and thus over entire societies—the claim towards corporations to use their power in a socially responsible way therefore cannot come unexpected.
3.2. Deregulation, Liberalization and Privatization

During the final decades of the 20\textsuperscript{th} century, corporations have a series of favorable developments; formerly socialist countries shifts to privatization, liberalization and deregulation, similar steps were also taken by western countries through neo-conservative and liberal agendas. These policies served to reduce state regulation of the private economy, taxation and state expenditure and thereby freed business from many constraints (Cragg, 2000) many responsibilities that had formerly been up to the public hand now has assumed by business organizations. As a consequence, public services have often been re-engineered according to the managerial model of business administration that is believed to deliver formerly public services in a more efficient manner. In the post industrialized age, especially after World War II, the formula’ for best social development used to be postulated such that the largest degree of general well-being could be achieved through the establishment of a free market with private business by a framework of laws. Now given the fact that law has increasingly dropped from the equation, either voluntarily through neo-conservative policies of regulation and privatization, or by the growth of international trade of formerly unimaginable extents without an appropriate framework of laws yet set up, resulting in a lack of political and legal control of multinational corporations some mechanism of control would clearly need to be re-established (Cragg, 2000).

3.3. Innovation and Progress

Corporation and the society surrounding it is intertwined, and marked by mutual interdependence: The Corporation is largely dependent on social stability, growth, due process guarantees, social peace and welfare of potential customers. Furthermore, managers and worker are of course, besides their work for the corporation, also members of other constituencies as citizens, consumers and inhabitants of local communities (Crowther, 2004). From Society’s viewpoint, corporations can push the development of a community much further with their research & development investments, and therefore advance the whole of
society with their potential for innovations. It is needless to say their investment occurs out of corporate self-interest, but in the end corporations tend to invest much more in innovations than governments will ever do. Much of the last century’s technological development was due to private investments. Corporations exercise a great deal of influence over citizens as consumers when deciding which innovation to launch on the market, which others to strategically withhold even though they would be technically feasible as they thereby decide over technological advancement, risk and opportunities of the particular society. Economic decisions like outsourcing, merging or de-layering hold a high potential to social conflict. Corporations can act both to the benefit and to the detriment of the societies or communities they are operating in by investing or withdrawing capital, and thereby directly shape territories and populations, so it comes as no surprise that many governments make concessions to corporations in the fear of relocations, social problems and Unrest.

3.4. Social Legislature

Recent socio-political and socio legal movements have shaped lot social laws. Since the late 1970ies, legislation has been passed to protect inhabitants of areas near industrial plants from externalities like noise harassment, emissions, corresponding health risks and pollution. More generally speaking, the environmentalist movement has curbed corporate activity to a noticeable extent since environmental degradation sparked by the ever-increasing degree of industrial activity has become obvious and scientifically measurable. New laws are enacted imposing strict measures for environmental protection on firms. Stricter legislation for consumer protection has also been passed, including rules for a general product liability. The most recent developments in stakeholders or social legislation in most developing countries constitute corporate governance guidelines and codes, and increasing requirements to install and disclose corporate codes of business ethics. And there is stillroom for further legislation and regulation of corporate ethics and more socially responsible behavior.
3.5. Information & Communication Technologies and Mass Media

Information and Communication technologies and the mass media have tremendously increased the scope of corporate influence and possibilities for corporate positioning through advertising. The internet has offered companies an ideal stage, a cheap and fast way of communicating information, for example for corporate value statement and codes of conduct at one hand on the other financial transaction & mobility of capital all around the globe through greater velocity (Crowther, 2004). Information and communication technologies (ICT) and the mass media have established the well known modern ‘information society’ characterized by a ‘democratization’ of information and knowledge, with information that can be communicated in virtually no time around the globe, a new transparency has been created, and with it, what is of particular importance to corporations, a liberators unknown degree of public scrutiny of corporate practices, around the world. To an ever increasing extent, in the new ‘global village, rules of behavior valid in MNCs countries of origin are expected to be applied equally in any host country, and companies have to fear media exposure for ‘shoddy’ business practices more than anything else, for this tends to have disastrous effect on firm reputation and financial performance through negatively affecting market share and profitability almost instantly. What has created both opportunities and treats for corporations in connection with the media is the widening of a corporations knowledgeable audience through professional news media.

To sum up, the ‘information revolution’ sparked by the ICTs has affected corporations regarding CSR, opening up huge opportunities to them on the one hand, but on the other hand also exposing them to increased surveillance of their own activities, and thus rendered them also more vulnerable to civil society pressure and activism (Tencati. et al, 2004).

3.6. Globalization

Corporations operating on an international scale have another reason for conducting their operations in a responsible manner, namely due respect for local cultures, customs, traditions
and religions feelings when moving to host country. This respect MNCs carry as a responsibility towards cultures of host countries originates from vital self-interest to avoid boycotts and civil society action. Corporation do face responsibilities also when taking advantage of multinational activity, and cannot totally refuse to try and solve some of the problems arising from clashes within different cultures to quite a considerable extent primarily out of their best self interest to avoid potential upheaval against foreign corporations in some less developed countries in the long run.

3.7. White-Collar Crimes, Corporate Fraud & Scandals

White Collar crime is an attribute used for criminal action committed by people of high status within society in the pursuit of their regular occupational activities, as opposed to the so-called “street-crime”. Until recently white-collar crime has been leniently punished compared to other crimes. Since the 80s many cases of corporate crime have sadly proven far more abusive and detrimental than street crime. Corporate white-collar crime and misconduct became notorious especially with the scandalous events in connection with Bhopal (India), the “largest industrial disaster” is an example of disregard of top executive of human life and health and in its lack of assumption of responsibility for the community a corporation is operating in. Another grossly negligent corporate action concerning the natural environment is Shell’s Brent Spar case in 90s where the company intended to dump industrial waste into Ocean. As a rare case of maximum penalty application, the former Enron Executive Ken Lay and Jeffrey Shilling were sentenced to life long imprisonment for fraud and conspiracy. To conclude the excesses of lacking conscience with corporations have undoubtedly contributed to the calls for CSR.

3.8. A Capitalist Imperative

The final, but perhaps the single most convincing argument for the implementation of CSR strategies is that it ‘frequently’ makes good business sense.’ The dramatic changes that have happened within society, but also in the way of business being done during the last one and a
half centuries, have considerably extended the life duration of enterprises. Due to this new
time horizon a necessity of focusing on long term survival and long-term profits rather than
short-term success arose. The mantra of profit maximization may not always work to the
best interest of the corporations, but can harm as much as benefit it. It has been proven by
various studies that CSR can make good business sense. But also in the way of business
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duration of enterprises. Due to this new time horizon a necessity of focusing on long term
survival and long-term profits maximization may not always work to the best interest of the
corporations, but can harm as much as benefit it. It has been proven by various studies that
CSR can make good business sense where long-term interest, survival and success of the
company and its core business are concerned. It is also observed that a long term, balanced
view on profit maximization will be reasonable and responsible, also in the economic sense
for corporations, which means that corporate social responsibility can constitute an
opportunity for companies to protect their very own economic and existential interests when
balancing the interests, of a wider number of constituencies than just owners and managers. It
has been proven by various studies that CSR can make good business sense where long-term
interest, survival and success of the company and its core business are concerned. As any
damage to corporate reputation and brand image are far too persistent and costly to correct
that companies could ever afford to hazard these consequences. Society’s expectations of
what role corporations, should assume, within the community have fundamentally changed
over the last decades. Consumers and investors now demand socially responsible practices
and products, so from a business point of view not complying would mean not adopting to
changed circumstances one of the core characteristics a firm has to fulfill in order to be
remain competitive (Kortlar, 2003). So apart from perceiving the capacity of adaptation to
changed circumstances as prerequisite of successful business activity, advantages connected
with identifying such opportunities include the creation of competitive advantage,
possibilities for differentiation from competitors, building stronger brand image and generating considerable cost advantage from voluntarily anticipating potential regulation prior to one’s competitors.

4. CORPORATE SOCIAL RESPONSIBILITY IN INDIA

The term Corporate Social Responsibility might be new but the concept is not new in India. It has been there since the earliest times, going back to an age when society itself was in its formative stage. Indian scriptures describe how businessmen in ancient India were socially responsible. They also give illustrative policies to be adopted by economic organizations. The corporate philosophy of these organizations was defined in terms of service and therefore, performance of social responsibility was natural for these organizations. Several Indian inscriptions give an account of the performance of social responsibilities by businessmen. The Indian statesman and philosopher Kautilya advocated business practices based on moral principle in the 4th century BC. The wish for universal happiness and prosperity reflected in the Sanskrit sloka “Sarve Bhavantu Sukhinaha, Sarve Santu Niramayah”, forms the core of the Indian culture and tradition. The spirit of Sacrifice and philanthropy is an integral part of this tradition.

In the case of India, scholars have traced the overarching role of tradition, spirituality, and respect in the evolution of Corporate Social Responsibility (Balasubramaniam, 2003; Mohan 2001; Sagar & Singla, 2004). In its historical form, Corporate Social Responsibility in India has been dominated by a philanthropic approach consistent with the long-standing tradition of close business involvement in social development needs.

Origin of Social Welfare in Indian can be traced back to the ancient Vedic times, when there were instances of inbuilt mechanisms for provisions of relief to the needy. The Kautilya Arthasastra has references to the king taking care of the helpless, weak, aged and families of deceased soldiers and workers as one of the major responsibilities. This was being complemented by the rich and wealthy segments of society for helping the poor in cash and
or kind. Involvement of the business houses in social causes in India was limited in the pre-Independence period. Jamshetji N. Tata, who played a pioneering role in the Industrialization of India, had put “people before profit”. The Tata group as an integral part of this organizational culture has continued this for the last one century. Based on the logic “The wealth which comes from people must as far as possible, go back to the people”, Jamshetji had observed that in a free enterprise, the community is not just another stakeholder in business, but in fact the very purpose of its existence, which guided the commitment of the group towards CSR. Concern of Tata Group towards the welfare of the employees and general population living in the periphery of the plant is reflected in a letter of Jamshetji Tata 1902 to his successor Dorabji Tata, “Be sure to lay wide streets planted with shady trees, every other of a quick growing variety. Be sure that there is plenty of space for lawns and gardens and reserve large areas for football, hockey and parks as well as earmarked areas for Hindu temples, Mohammedan mosques and Christian churches.” On success of the enterprise, he had further observed “We think we started on sound and straight forward business principles, considering the interests of the shareholders own, and the health and welfare of the employees the sure foundation of our prosperity”. During the freedom struggle, Mahatma Gandhi had stressed on the relevance of the commercial enterprises in the welfare of the society. His vision for free India was based on the ideology of simple living and high thinking and the presumption that the world has enough for meeting everyone’s need but not greed. Gandhi had advocated that the customers, employees and the society at large are as essential for the customers, employees and the society at large are as essential for the corporation as the shareholders. Under his economic philosophy of trusteeship, Gandhi had observed, “As the corporations are created by society, they should remain in the public domain and their vast economic power should be exercised in the interest of not only the shareholders but the customers, employees and the society at large.” Mr J R D Tata once observed that business community should work in the spirit of Gandhijis theory of
trusteeship. He said: The private sector should realize that they have to play their part in the spirit of trusteeship advocated by Gandhiji. There is no room in India of today for selfish men indulging in unrestrained acquisitive tax evasion, black marketing, illegal foreign transaction and conspicuous spending. All these have brought distrust and disrepute to the Indian business community and jeopardized its very survival.

According to noted industrialist, Mr. K.K. Bajoria, concept of social responsibility of business is akin to Gandhiji’s doctrine of trusteeship. He said ‘Today, more than at any time in the past the management of companies has to play the role of trusteeship as propounded by Mahatma Gandhi as more and more people of different income groups are investing their savings either in shares or keeping them with companies as their deposits. There are a large number of companies with thousand of shareholders and management in all cases has a social obligation to run the company affairs in a manner that investors in equities are rewarded annually and the value of the investment appreciates’.

On the need for being sensitive to the need of the community around, which forms the essence of CSR, Swami Vivekananda, the great Indian philosopher and thinker, had observed, “By doing the duty which is nearest to us, the duty which is in our hands, now, we make ourselves stronger; and improving ourselves in this manner, step by step, we may even reach a state in which it will our privilege to do the most covered and honored duties in life and society. Every duty is holy and devotion to duty is the highest from of worship of God.”

After Independence, establishment of “Welfare State” formed the corner stone of state policy, which was enshrined in the preamble and the Directive Principles in the Constitution of India. The preamble to the Constitution of India seeks to secure ‘Justice, Social Economic and Political, Liberty and Equality’ for all citizens. The concept of a “Welfare State” laid down in the Directive Principles of State Policy in Article 38.
the course of planning for national development after independence in formulation and implementation of the Five Year Plans for socio-economic development with emphasis on Welfare of the weaker sections (Panda, 2008).

Noted Industrialist Ramkrishna Bajaj (1971) has opined that “Social responsibility by its inseparable bond with economic responsibility is inescapable. Today the businessman has to accept civic responsibilities… In other words, community service must now become an integral part of business activity. This is not a matter of more philanthropy.

In the post - Independence era, there was a gradual shift in the approach of responsibility towards the society from ethical conduct in business and transparency to supporting welfare measures for the poor living in the Peripheral area of the plant and units, G.D. Birla, the founder of the Birla Group of Industries, had played an active role in providing support to the poor through extensive Charitable work. However, his success or Aditya Birla initiated a different approach of helping the people in a way so that they are able to stand on their own feet and earn money continuously instead of depending on charity. The group expunged the trusteeship concept of Management, which entails plough back part of its profit into Community, Kumaramanglam Birla’s Commitment to CSR lies in “Triple Bottom Live” approach to management, where accountability involves factoring holistically the interest of the stakeholders namely the shareholders, customers’ employees and community at large. Similar pattern has been adopted by other private sectors.

Status of CSR in India following adoption of the new economic policy was looked into in a survey conducted by the confederation of Indian Industries (CII) in 2002. Definitions of corporate Social Responsibility vary as per the perception of the promoters. Notwithstanding the differences, there was near unanimity the CSR is very much included in the domain of corporate action and passive philanthropy is no longer sufficient to meet the emerging needs. There is a shift in the approach to CSR from ‘Trusteeship – ‘Ethical Model’ to ‘Statistical Model’ i.e., where Companies perceive CSR as contribution to nation building, holding social
wealth in trust, strategic investment in employees and as the means to enhance long-term stakeholders value promotion of brand, 'reputation of being a good corporate citizen" has been the main factor for undertaking CSR activities. “Intention to improve relationship with local communities” and “stated philosophy of the founder fathers” was found to the other important factors. Companies that see themselves as leaders or early movers are taking keen interest in CSR.

Corporate Social Responsibility (CSR) is on the rise all over the world and in India also. Civil Societies, consumers and other actors have increased pressure on companies to adhere to social and environmental standards and this pressure has impacts on the business in India. Limits of regulatory initiatives, changing nature of judicial activism, government’s greater relevance on private enterprises etc; places greater responsibility on voluntary approaches as an alternative means of building social rights. Voluntary initiatives for environmental protection have been restricted to large firms. CSR is often guided by the commitment of the top management. With compliance and enforcement slack, employee’s care is just employers’ benevolence, environment care and total quality management are driven by market forces and legislation, CSR is considered as an additional activity of Human relation and public relation department. Democratic institutions need to be strengthened for steady movement, towards strengthening of enforceable regulation. Space to be created for various actors to operate, provide, support and resistance as required government need to be re-engineered so that civil society vigilance can reinforce its regulating and monitoring roll. Re-engineering of government requires active defense or advocacy of constitutional rights from court to civil society. A new initiative, Corporate Responsibility for Environmental Protection (CREP) was initiated by the Government of India.

4.1. Industry Association Initiative

(a) Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII) work closely in partnership with Government and other Organizations.
(b) Social Development Council (SDC) set up by CII, ensures corporate participation in social development and provides an institutional base for social activities of the corporate sector. (c) CII in partnership with UNDP set up India Partnership Forum to promote multi stakeholders approach to CSR. (d) Indian Business Trust for HIV / AIDS was set up by CII to help extent the impact of national programme for prevention and control of HIV / AIDS. (e) CII has established Environment Management Department (EMD) to undertake a range of activities like environmental research, organizing practical initiatives, etc. (f) FICCI set up Socio Economic Development Foundation (SEDF) to deal with CSR. (g) Awards were instituted by FICCI for corporate initiatives in environmental conservations and pollution.

4.2. Global Compact in India

The Global Compact (UNGC) is a voluntary and value based initiative, complementing regulations and other voluntary CSR initiatives. Companies which join the UNGC are asked to embrace, support and enact, within their sphere of influence, a set of core values in the

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Source: www.unglobalcompact.org
areas of human rights, labour standards, environment and anti-corruption (GCO, 2004a), which are set out in ten principle as given in the table 1.2.2. The UNGC structure in India consists of two networks operating side by side: the Global Compact Society (India) and the India Partnership Forum. While the Global Compact Society is particularly concerned with networking among UNGC participants, the India partnership Forum promotes CSR more generally. The Global Compact Society (GCS) is the main national network, emerging after the lunch of the UNGC in India.

5. CORPORATE VOLUNTEERISM

Volunteerism has long been part of human society, but volunteer work as a part of corporate mission and strategy is just a few decades old. (Thomas and Christoffer, 1999) Corporations today face increasing pressure to act in a socially responsible manner. Many companies have embraced this challenge, seeing it as a means of gaining a competitive advantage while demonstrating their community values to customers, suppliers and employees. One of the ways in which corporations have demonstrated their sense of social responsibility is through corporate volunteerism.

Corporate Volunteerism is any formal or organized means a company uses to encourage and support its employees to volunteer their time and skills in the service of their communities. It is one of an array of business decision that is being increasingly and successfully used to address social problems (Points of lights foundation, 1996). Corporate Volunteerism provides an ideal medium for employee development, for better human resource practices and better productivity for achieving market leadership. It enhances inter actions between employee in different departments and level of the company and leads contributions to employees personal and career growth through developing and enhancing their skills such a leadership, teamwork and interpersonal skills. Corporate Volunteerism makes its biggest contribution through institutions that bring corporate resources and expertise to bear on social Problems. Corporate volunteer programs, though still in their infancy, are fast becoming a popular tool
within overall business and philanthropic strategy. Such private, Non-profit associations and institutions are common in US, Canada, Australia and other developed countries.

The process of developing Corporate Volunteering Programmes involves four steps for the corporate (Garain, 2001)(a) Defining the vision (b) Determining the interventions,(c) Planning the interventions (d) Monitoring, Evaluation and Social audit.

The benefits of corporate volunteering are reached out to the community in two forms. Firstly, the corporate volunteers get engaged in their own company initiated community initiatives although their engagement is voluntary and contribution is planned and managed systematically, often synchronizing with their official expertise. Secondly, the corporate volunteers on their own individual initiatives get involved with various NGOs and community groups. Now Corporations are encountering an incredible opportunity for showing its concern for the community and to its other stakeholders.

One dimension of corporate volunteerism is employee volunteerism and which represents an opportunity for firms to enhance their investments in corporate philanthropy in a number of ways. First, it sends a signal to consumers and other stakeholders that the firm is more committed and exerting more effort to the cause (when compared to traditional cash donations) and firms that are seen to be more committed and putting forth more effort in their philanthropic initiatives can expect to receive increased rewards from market (Drumright, 1996; Ellen, 2000; Hess, 2002). Second as Porter and Kramer (2002) argued, that corporation that engages in community not only creating economic impacts but also creating social impacts. True strategic involvement, addresses important social and economic goals simultaneously, targeting areas of competitive context where the company and society both benefit because the corporation brings unique assets and expertise. Finally firms that encourage employee Volunteerism are more desirable to potential employees and report lower turnover costs (Turban and Greenings, 1997) This is especially true when the firms employees feel an affinity to the cause and the firm manages the volunteerism initiatives with
Corporations are increasingly recognizing the value of employee volunteerism. Throughout the 1990s, the number of firms incorporating employee volunteer programme into their business plans increased by over 150% (Points of light foundation 2000). In a survey by Industry Week in the United States it has been seen that the fastest growing corporate citizenship programme involved employee volunteerism (Thomas and Christoffer, 1999).

Employee Volunteerism is increasingly becoming a global phenomenon that is encouraged by both small and large firms. The latter often pursuing such initiatives as a part of a unified world wide, corporate effort. For instance multinationals, special volunteer days on which employees from across the organization and around the world participate in company sponsored and organized community events (Cauldrons 1994). According to Alperson (1995), over 70% of US based firms offer "matching gifts" programs; whereby companies make a donation to an employee designated charity whenever he/she completes a specified amount of volunteer time. Indeed employee volunteerism appears to be on the rise as increased morale and productivity (Gary et. al, 2000) from this form of philanthropic initiatives. It is not only the employer that benefits from workplace volunteerism, with such programs holding considerable appeal for employees as well. For instance at Timberland, where 95% of employees participate in corporate volunteer programs, employees cite having the opportunity to engage in community service through the workplace as a primary reason for choosing to work there (Pereire, 2003) Moreover, employees volunteerism appears to remain strong even in the midst of significant organizational downsizing (Wall street Journal, 1996).

In their examination of employee volunteerism, Peloza and Hassy (2006) categorized three types of volunteerism on the part of employees. The first extra organizational volunteerism (EOV) is done outside the workplace, so the employer has no involvement. The next type, Inter Organizational Volunteerism (InOV) is done within the workplace but the employer
support is passive. The employee chooses the charity and the firm supports the activity either with time off or monetary donations to complement Volunteerism. The third form of employee Volunteerism, intra-organizational Volunteerism (IOV) is characterized by an employer who develops the volunteer opportunity (including the selection of the charity partner) and then offers specific volunteer opportunities to employees. Peloza and Hassy (2006) argued that IOV represents the best opportunity for corporations to capture the strategic benefits associated with workplace volunteerism since they can develop a deeper, more strategic relationship with a smaller number of charities. Similarly, Porter and Kramer (2002) argued that when a firm focuses its efforts on a limited number of causes, and dissects a wide range of firm resources toward the effort, they are more likely to create both economic and social impacts from philanthropy.

The significance of volunteerism can easily be understood from the fact that over two-third of US firms provide time off for employee volunteerism (Wild, 1995), which is in addition to over 9 billion cash donations from US companies in 2001 (Cone et al, 2003) however the additional support corporations provide each year to charities in the form of employee volunteerism is encouraged by 9 out of 10 US firms (Tuffrey, 1997). Furthermore, this volunteer effort can lead to sizeable human resource commitments as demonstrated by General Electric which records over a million hours of employee volunteerism each year (Imagine, 2000). Employee Volunteerism has the potential to offer a similar win-win-win scenario for the charity, the employer and the employees. Charities are often heavily reliant upon volunteers for the delivery of programs and services, as such organization clearly benefit from the additional support provided by employee volunteers. Employers are seen to benefit from the enhanced positive perceptions of consumers in response to a firm's increased commitment and effort on behalf of charity (Ellen et al, 2000). Companies with employee volunteer programme have also found to enjoy increased employee morale (Tuffrey, 1997).
From the employee’s perspective, Ross (1997) indicated that workplace volunteering is beneficial in that it increase professional and interpersonal skills.

Employee Volunteerism is increasingly becoming a global phenomenon that is encouraged by both small and large firms. The latter often pursuing such initiatives as a part of a unified world wide, corporate effort. For instance multinationals, special volunteer days on which employees from across the organization and around the world participate in company sponsored and organized community events (Cauldrons 1994). According to Alperson (1995), over 70 per cent of US based firms offer “matching gifts” programs; whereby companies make donations to an employee designated charity whenever he/she completes a specified amount of volunteer time. Indeed employee volunteerism appears to be on the rise as increased morale and productivity (Geroy et. al, 2000) from this form of philanthropic initiatives. It is not only the employer that benefits from workplace volunteerism, with such programs holding considerable appeal for employees as well. For instance at Timberland, where 95% of employees participate in corporate volunteer programs, employees cite having the opportunity to engage in community service through the workplace as a primary reason for choosing to work there (Pereira, 2003) Moreover, employees volunteerism appears to remain strong even in the midst of significant organizational downsizing (Wall street Journal, 1996).

The importance of employee volunteerism to corporate strategy is perhaps best demonstrated by the fact that in 1999, 49 per cent of us firms reported having incorporated employee volunteerism into their business plans, from only 19 per cent in 1992 (Points of light foundation, 2000). Indeed it would appear that corporations are making significant strides to incorporate and align employee volunteerism efforts with their core business, the volunteerism – corporate strategy link.

The Center for Corporate Citizenship at Boston College (2001) outlines three progressive stage of company engagement and support of employee volunteerism — basic, strategic and
integrated. In the 'basic' stage, employers set goals for volunteer participation and offer inducements such as matching grants as a way to encourage employee volunteerism. For example, firms commonly agree to make small cash donations to the employee's charity of choice whenever he/she volunteers. However, when charity selection is left solely to the discretion of its employees, the result is likely to be a scattered unfocused program where employees volunteer with and seek employer donations for, a wide range of charities for which they have some degree of personal involvement (Raddey and Kenedy 1995) Moreover, few if any these organizations are likely to deliver the kinds of strategic benefits that Proter and Kramar (2002) argue should be desired of such corporate Philanthropic programs.

Corporate volunteer programs that encourage and enable employees to volunteer in their communities have been rising in Canada, this type of programs offer employees time off work to volunteer, other allow employees access to company premises and resources for their volunteer activity. No matter what approach they take, these programs pay dividends to companies, employees and the community. Their importance is reflected in the fact that over half (52%) of the companies surveyed incorporated a commitment to community service in their mission statements. Canadian business and corporations have also demonstrated significant support for volunteering. A survey of Canadian companies in 1995 (Rostami & Hall, 1996) indicated that 25% of Canadian companies had a formal volunteering policy. In a National survey of giving, volunteering and participating in Canada (Hall, McKeown, & Roberts, 2001) 27 per cent of employee volunteer reported that their employer had given them approval to modify their hours of works so that they could volunteer. A study of 25 Canadian Companies with comprehensive employee volunteer programs (Hatton, 2005) found that the majority of these programs had been in existence for over 10 years. A 2004 report by the United Nations volunteers programme, says that volunteerism is an important component of general corporate citizenship, but there weren't too many visible formal corporate Volunteering programs in developing countries such as India. However, it added,
awareness is increasing IBM, for example, encourages volunteerism amongst its employees through its ‘On demand Community Programme’ that formalizes the spirit of volunteerism within the organization by supporting and encouraging employees to volunteer in their local communities. Fifteen per cent of IBM employees volunteer with various NGOs and IBM project, including CRY, Association of people with disabilities and Parikarma, for which employees provide skill building activities, mentoring, administration support and technology training. Jatin Ahluwalia, Country Manager – Marketing, IBM says, “An employee can register on demand community site, access a whole range of tools to support volunteering efforts and access opportunities to volunteer with (in both IBM and non IBM initiative) or choose his/her opportunity to volunteer.” The American Express Philanthropic programs runs the global volunteer action fund (GVAF), a programme that grants money to non-profit based in individual employees or employee teams’ volunteer efforts. In India, American express employee volunteers have worked along with several NGOs and put together events for hundreds of underprivileged children. “American express encourages its employees to volunteer to community projects and be a good corporate citizen in the community, says Shrikant Rege, Senior Country Executive, American Express. At each Adobe site more than 150 employers, ‘Adobe in Action’ communities are formed to identify the community service opportunities in the neighborhood. These committees are typically groups of employees who voluntarily register themselves for executing community projects. So, far the company’s most successful volunteering projects have been in the areas of education, environment, food collection, slum cleanliness and post disaster rehabilitation, informs Dr. Naresh Gupta Managing Director, Abode Systems, India and Senior Vice-president Print and Classic publishing business unit, Adobe Inc.

A.Mohendran, Managing Director, Godrej Sara lee and Director, Godrej Beverages and Foods limited says, “We believe that CSR is not about funding … that is secondary. We insist on employees and even employee’s spouses spending time working for causes such as the
children's Toy foundation and working with senior citizens in various old age homes across Chennai. “As a corporate citizen, it is important to invest in the trust of society, your customers and even more importantly your employees. Mohendran said, “Developing and employees emotional quotient is very important. We believe that volunteering helps increase and employee’s emotional bonding to the organization.” KPIT Cummins has a club called ‘Let Us give’, membership to which is voluntary. Anil G Kulkarni, Senior Vice-President, KPIT Cummins Info Systems Ltd, believes that volunteering is important because while the organization contributes in terms of money and support, the employee contributes in terms of resources and more importantly, time.’ The company works in among others, the fields of IT education and health, especially in rural areas and members of the volunteer club spend their free time, including weekends, in villages, red-light areas and other places traditionally considered NGO territory.

Aditya Joshi, head of Kanbay’s wekare initiative, says, “We kare” members spend aurally about 100 to 2000 hours per head, Volunteering for various social causes and initiatives.” The company currently has twenty active volunteering programmes across three cities. There’s nothing new or radical about volunteering for a cause; people have been doing it for ages. But when corporate volunteers, who are not bound by the limitations NGOs, are, follow a structured and goal-oriented approach to enrich society and contribute to its well being, they can achieve a lot more. Sanjay Singh Vice President (HR) whirlpool India told “Whirlpool’s Pondicherry factory, the community development team is entirely managed by the employees who work with inhabitants of the nearby Thirbhuvânai village, rendering education, medical safety and environment services. TVS Electronics partnered with the department for Rural Development and the Sahishnata trust and lunched a 100 per cent sanitation campaign in Tiruvidentha Village in Tamilnadu.

Employee volunteerism refers to ongoing coordinated effort where corporation support and encourage their staff involvement in the local community. Employee volunteering
programmes are either employer-initiated and/or employee-led activities that are recognized and supported by the employer (Lukka, 2000). They also take different forms from formal structured programs that compromise a mix of options that include one-off events, full-time assignments, mentoring, coaching, global volunteering exchanges, and etcetera. Employee volunteering is described as one-way corporations demonstrate they are "socially responsible" and "generating social capital" (Moon, 2001; Habisch, et al, 2001). Employee volunteering can be conceived as conducive for generating social capital as it may involve "building networks", "elements of trust" and "co-operation" between the employees, companies, community organization and brokerage firms. Corporations that use both strategy and creativity in forming their volunteer programs shine brighter and reap more rewards not only for the company, but also for employees and for the communities they serve.
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