

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

A Cautious review of related literature is one of the important steps in the planning of any research study. Such undertaking, in fact precedes any planned inquiry. It allows the researcher to acquaint him with current knowledge in the field or area he is going to carry out his study. It enables the examiner to define the limits of his field.

One of the crucial reasons for reviewing related literature is that it gives the researcher an understanding of the research methodology, which provides directions or to how the study swirled he conducted. It helps the researches to understand about the tools and techniques, which prorated to be useful and promising in the previous studies.

In the present study the researcher presented the available studies in the field of corporate social responsibility and corporate volunteerism .The chapter first present a close look into the schools of thoughts on CSR and then studies on CSR as well as corporate volunteerism. The researcher mainly depends on the study conducted abroad and India. Despite the growing interest in employee volunteering very little research has been conducted till to understand the field of corporate volunteerism to clearly understand the area.

In present study of corporate volunteerism is viewed as an essential aspect of CSR, as such various model related to CSR and studies on the practices and boundaries are discussed. The studies on Corporate Volunteerism and surveys available from different sources are discussed to understand relevance of present study. There is no regional study conducted yet in general in northeast India and particular in Assam.

The section will present a sample of theories about Corporate Social Corporate social Responsibility in an attempt to understand what CSR stands for and what its content can be.

## **1. CORPORATE SOCIAL RESPONSIBILITY: DEFINATION AND THEORIES**

Corporate Social Responsibility (CSR), 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. The board of management deals with the day-to-day managerial functions. The company also owes responsibility towards other stakeholders namely the customers, workers, employees and suppliers. The concept of CSR originated from the need for making the development process sustainable. This is based on taking a macro view and looking beyond the shareholders earnings profit, declaring of dividends and return on investment. Though the corporate houses have taken up charity and philanthropic activities, but the concept of CSR as management function emerged towards the last part of the twentieth century (Panda, 2008). 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. Davis (1976) attempts to elaborate the concept through a two-fold classification “Social responsibility begins where the law ends. 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

"Corporate Responsibility is about ensuring that organizations manage their businesses to make a positive impact on society and the environment whilst maximizing value for their shareholders." Institute of Chartered Accountants in England & Wales.

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 policies, 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 stakeholder. 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.”

According to Pasquero (2005) the format of CSR needs to be understood in the social context in which it is generated. For analyzing the evolution of CSR, Pasquero proposes four institutional periods in the economy of the United States of America, where this concept has its modern origins. Table 2.1 summarizes Pasquero’s analysis on the evolution of CSR:

**Table 2.1. Pasquero’s CSR Stages**

Stage	Period	Target	Solution	Type of CSR
Market	1880-1920	Exorbitant prices	Anti-trust laws	Induced
Associative	1930’s	Economic coordination	Industry self regulation	Framed
Societal	1960-1980	Quality of life	Regulatory agencies	Obligatory
Efficiency	1980-Today	Structural rigidity	De-regulation	Voluntary

The Stage names a form of CSR at a point in time that is determined by the column ‘Period’. The Target identifies the problem that society was facing due to the businesses’ corporate performance (Wood, 1991). The column ‘Solution’ points out by which means society was ‘solving’ the problems caused by the businesses’ corporate performance. Finally, the column

'Type of CSR', describes the sort of CSR that arose at that time. In this Table, Pasquero outlined four stages in the evolution of CSR and the methods by which CSR has facilitated the interaction between firms and society at different times in its history.

### **Market (1880-1929) and Associative (1930-1959) Stages**

Pasquero (2005) states that during the market stage, American society was concerned about avoiding monopolies and their exorbitant prices for products and services. Therefore, the government has to protect consumers, created regulations and anti-trust laws. Industries began to self-regulate and governmental legislation favoured unions. The corporate social responsibility of this time was considered framed by this economic legislation. According to Carroll (1999), during the 1950's, scholars stated that businesses were vital centres of power. Hence, the lives of many citizens depended on a company's decision process. Consequently, literature from that time was focused on questioning (Wood, 1991) the ethical responsibility of manager's decisions. Managers were considered responsible for the positive or negative outcomes of companies. Power was related with responsibility, and was the business' responsibility to avoid negative outcomes to society.

### **The Societal Stage (1960-1980)**

Pasquero (2005) states that during the societal stage (1960-1980) the government's target was to protect consumers from large-scale manufacturing companies to improve society's quality of life. Firms were limited by state legislation and not by unions as in the market stage. Companies' behaviors were controlled through regulatory agencies; therefore, the type of CSR in this era is termed obligatory. Furthermore, the literature from the 1960's was characterized by expanding definitions of CSR as scholars focused on analyzing at managerial levels. In fact, Carroll's (1999) research shows that during the 1960's authors began to state that corporations have obligations beyond their legal and economic responsibilities, for instance, managers' decisions should be focused also on the social world and the "happiness" of their employees. Moreover, Carroll (1999) suggests businesses during

the 1960's became aware of the importance of providing society with better explanations of firms' social performance; as a result, CSR became a subject of interest for business executives. Society was demanding to firms to act in ways that commensurate with their social power. Wood (1991) claims that the main idea of CSR at this time was that businesses were recognized as important actors in society; therefore, society expected firms to respond to social pressures and demands. In short, the business priority was profits and CSR was considered a tool to solve and even prevent social problems caused by corporations.

### **The Efficiency Stage (1980-2010)**

Carroll (1999) concludes that during the 1980's, fewer attempts to define CSR as a concept existed. During the 1980's disillusionment with strict government policies began and the state was not able to sustain excessive welfare for society in the midst of slower economic growth (Smucker, 2006). Eventually the state began to deregulate its strict economic policies once considered beneficial for society. However, by 1984, Drucker proposed that business could keep contributing to social welfare. He proposed to transform social responsibilities into profitable businesses, in other words he stated to turn social problems into economic opportunities. In doing so, firms would be more "motivated" about solving social problems and eventually social problems would be solved more efficiently due to the profit implications.

CSR research at this time was focused on expanding the CSR theoretical framework and venturing into three main themes: corporate social responsiveness; business ethics; and stakeholder theories. According to Carroll, CSR was then perceived as a process, not as a set of outcomes. CSR scholars during the eighties focused their efforts on understanding the interconnections between businesses and society; as a result, literature on social issues in management expanded. However, Wood (1991) claims that authors in an effort to conceptualize CSR created too many ideas and models around this concept, making it vague and diffuse.

Wood (1991) proposed that CSR is a concept that attempts to place responsibilities on firms at three levels: institutional, organizational, and individual. The firms that assume their responsibilities on these three levels will contribute to environmental improvement and sustainable development and will enjoy consumer loyalty, as well as improved human resources management. Firms that ignore society's demands on the other hand will tend to lose their power (Davis, 1973). The three principles proposed by Wood (1991) gave an organized and multi-faceted framework to the field of social issues in management. Wood's model integrated previous theories, which help to conciliate and organize concepts and models surrounding CSR.

Porter and Kramer (2006) propose to connect business and CSR by mapping social opportunities and selecting issues that overlap with business opportunities. "Efforts to find shared value in operating practices and in the social dimensions of competitive context have the potential not only to foster economic and social development but to change the way companies and society think about each other" (Porter and Kramer, 2006). The authors suggest an approach for involving social issues in the company's CSR strategy. The approach includes three dimensions: (1) Addressing generic social issues not related to the core competencies of a company, such as environmental problems or community development; (2) value chain social impacts for finding solutions directly related to the company's activities; and (3) a social dimension for the competitive context defined as factors in the company's external environment that can affect the fundamental drivers of competitiveness in the places where the company operates. The strategic framework suggested by Porter and Kramer (2006) is designed to situate CSR not as a set of obligations for the business sector (Carroll, 1999), but as a set of opportunities for creating a competitive advantage.

According to Zadek (2004), companies, before deciding to perceiving CSR not as an obligation but rather as a strategic resource, have to go, through five stages of a learning curve: (1) Defensive stage, "it's no our job to fix that". The company will deny and resist to

social criticism from direct stakeholders. (2) Compliance stage, “We’ll do just as much as we have to”. Visible policies and conduct codes will be established in order to reduce critics and to protect the firm’s reputation. However, civil society will demand a greater commitment from companies and they will not just accept “fake pledges”. (3) Managerial stage, “It’s the business, stupid”. During this stage, companies realize they are facing a long-term issue that will not be solved with public relations strategy or just new policies and conduct codes. The company will have to analyze its core business and involve their managers to create real solutions. (4) The strategic stage, “It gives us a competitive edge”. A company during this stage learns to intersect its business strategy with responsible business practices as a method to compete and success within its industry. (5) The civil stage, “We need to make sure everybody does it”. Companies realize that if their industry does not become socially responsible, eventually the state could set up strict regulations. For this reason, firms prefer to involve more companies in responsible practices. Furthermore, some organizations have a further vision and understand that if more businesses embrace CSR, it will help to provide global stability to society.

According to Zadek (2006) businesses have five choices, (1) to deny and resist social criticism, (2) elaborate visible policies in order to reduce critics and to protect the firm’s image, (3) to create real solutions and analyze its core business, (4) to intersect its business strategy with responsible business practices, and (5) to share its socially responsible vision with the industry and involve other companies in order to avoid strict regulations from the government. Visionary companies are choosing both to intersect its business strategy with CSR and to voluntarily share its social vision. In doing so, firms have both the opportunity to develop a competitive advantage (Porter and Kramer, 2006) and to positively impact its external environment.

As explained before, CSR has moved from a stage in which the state forced companies to involve itself in socially responsible practices to a stage in which CSR is only a choice for



firms. CSR activities may be voluntary; however, these can be facilitated by what Waddock (2006) names infrastructure for CSR. Behind voluntary social practices, new pressure mechanisms have arisen for regulating companies' behaviours. The following section examines this proposition.

### **The New Institutional Infrastructure for CSR**

The options for a company are transforming social pressures into business opportunities to differentiate themselves from their competitors and then contributing to society's wealth, or ignoring social pressures and hoping that their competitors do not respond to society's demands. The internalization of CSR practices has become voluntary and companies must realize the utility of being socially responsible.

According to Pasquero (2005), Zadek (2004), and Porter & Kramer (2006) firms are voluntarily developing strategies to respond to the social pressures from consumers, stakeholders, the state, and society in general. Behind a firm's voluntary decision to adopt CSR, new mechanisms have arisen to pressure companies to be socially responsible, according to Waddock (2006) In the absence of a global governance structure that could hold companies to account, many companies, particularly highly visible transnational corporations, have voluntarily stepped into this fray in various forms of self-regulation, promoting their corporate responsibilities, engaging in partnerships with non-governmental organizations (NGOs), arguing that economic development depends on the jobs and other opportunities that they provide, developing explicit social programs, and generally highlighting their more progressive practices and good citizenship, in efforts to counteract critiques. This infrastructure attempts to advance and support corporate responsibility through a variety of approaches that rely predominantly on the still-voluntary mechanisms of the market and of civil society in an attempt to provide a countervailing force to the pressures in the firm for wealth maximization for shareholders fostered by still-dominant economic thinking. These new mechanisms are based on social pressures and global dialogues among

stakeholders. Dialogues which are founded on the willingness to solve social issues as varied as protection of the natural environment, reduction of the economic gap between the poor and the wealthy, elimination of corruption, improvements to the quality of life, and elimination of business's predatory practices in developing countries. Waddock (2006) proposes three categories of mechanism: (1) market/business; (2) civil society; and (3) state/government.

### **Civil Society Initiatives**

Waddock (2006) claims that society has come together to create multi-sector initiatives to encourage firms to be socially responsible. Among the most important initiatives, for instance, are the UN Millennium goals that represent an international agreement on eight social issues. Dialogue among different stakeholders on specific problems is a common issue among the organizations created by civil society. In order to spread their effects, first-person accounts and rankings of companies' performance are published in journals and magazines (e.g., *Business Ethics Quarterly*) as a way to encourage the internalization of CSR. Broad-based journals and magazines, academic programs, and research institutes are expanding the theory and research; in doing so, new managers with a consciousness of CSR are motivating firms from the inside to shift towards CSR policies. In another approach, activists and citizen watchdog groups are demanding, in some cases with violence, a halt to sweatshop practices, polluting facilities, and predatory corporate behaviour. Activism has proved to be one effective way for society to get the attention of large firms when other actions have had no results.

### **Market/ Business Sector Initiatives**

Waddock (2006) claimed that, the business community has created initiatives to regulate itself and to follow market pressures. Businesses have developed CSR initiatives such as policies, and partnerships with non-governmental organizations, that take into account a broader range of stakeholders, society and the environment. In an effort to earn trust and

credibility within society, firms are venturing organizations to certify, verify, and conduct research on national and international corporate standards (e.g., the International Organization for Standardization). In addition, companies are developing principles of transparency by reporting their annual activities on their websites. Furthermore, the need for responding to the new social pressures has fuelled the creation of for-profit firms specializing in CSR consulting. On the other hand, non-for profit organizations ventured by the business sector have also arisen to diffuse CSR (i.e., The Ethos Institute and Business for Social Responsibility). Accompanying the aforementioned initiatives, a responsible investment movement has created several indices e.g., the Dow Jones Sustainability Index and the FTSE4Good to highlight CSR performance.

### **Theories of CSR**

There is a great heterogeneity of theories and approaches of CSR, discussion in this part is based on the Secchi (2007) and they were compared with an analysis of Garriga and Mele (2004). Secchi has come up with a group of theories based on a criterion what role the theories confer to the corporation and society. The theories are: 1) The utilitarian theory, 2) The managerial theory, and 3) The relational theory. On the other hand, Garriga and Mele's analysis maps CSR into four types of territories. They are: 1) Instrumental theories, 2) Political theories, 3) Integrative theories, and 4) Ethical theories.

### **Utilitarian Theories**

In the utilitarian theories the corporation serves as a part of the economic system in which the function is mechanical i.e. traditionally known as in profit maximization. CSR ideas emerged after a realization that there is a need for an economics of responsibility, embedded in the business ethics of a corporation. Hence, the idea of *laissez faire* business gives way to determinism, individualism to public control, and personal responsibility to social responsibility. Utilitarian could also be taken synonymously with instrumental theories (Garriga and Mele, 2004; Jensen 2002) in which the corporation is seen as only an instrument

for wealth creation, and its social activities are only means to achieve economic results. Instrumental theories were also based on the basic idea about investment in a local community in which Friedman (1970) strongly stated earlier that the investment will be in long run provide resources and amenities for the livelihoods of the people in the community. Secchi (2007) further divides the utilitarian group of theories into two, namely, the social costs of the cooperation and the idea of functionalism. The social cost theory has a basis for CSR in which the socio-economic system in the community is influenced by the corporate non-economic forces. It is also called instrumental theory( Garriga and Mele, 2004) because it is understood that CSR as a mere means to the end, which leads to the fact the social power of the corporation is materialized specifically in its political relationship with society. The utilitarian theory, therefore, suggests that the corporation needs to accept social duties and rights to participate in social co-operation. Within it, the functionalist theory, specifically advocates that the corporation is seen as a part of the economic system, which one of the goals is profit making. The firm is viewed as an investment, and investment should be profitable to the investors and stakeholders. The firm is viewed as an investment, and investment should be profitable to the investors and stakeholders. Putting it from the internal point of view of the firm, CSR was coined as a defense tactic of the industrial system against external attacks because there needs a balance between profit making and social objectives for the economic system equilibrium.

### **Managerial Theory**

Secchi's (2007) analysis further stresses the logic of managerial theory that emphasizes corporate management in which CSR are approached by the corporation internally. This makes the difference between utilitarian and managerial perspectives of CSR. This suggests that everything external to the corporation is taken into account for organizational decision-making. Managerial theories have been divided into three sub-groups: 1) Corporate social performance (CSP); 2) Social accountability, auditing and reporting (SAAR), and 3) Social

responsibility for multinationals. CSP aims to measure the contribution the social variable makes to economic performance. Thus, the problem is that of managing the firm considering social and economic factors together. It is based on the assumption that business depends on society for its growth and sustainability. CSP of a corporation is further sub-divided into five dimensions in order to keep detailed information about its existence in the corporate chains: 1) Centrality measures the way CSR is compatible with mission of the core goals; 2) Specificity gauges the advantages CSR brings to the corporation; 3) Pro-activity that measures the degree of reaction to external demands; 4) voluntarism that accounts for the discretion the firm in implementing CSR; and 5) Visibility refers to the way the responsible behavior is perceived by community of stakeholders. As conclusion, the managerial theory generates interests in the sense that CSR considers socio-economic variables to measure firm's socio-economic performance, as well as to link social responsibility ideology to business strategy. Secchi (2005) further elaborate that SAAR are strictly related to social performance contributions through accounting, auditing and reporting procedures. SAAR means a firm accounts for its action. By doing so, firms are controlled and regulated in their actions towards performing their core business while responsible to the relevant community. CSR for multinationals (MNC's) grows as a result of global competitions and challenges they faced. This aspect of managerial theory comes into being as a result of the responsibility the managers have to shoulder by defining useful tools about the CSR for the MNCs to survive in foreign countries. Donaldson (1989, cited in Secchi, 2007, 2007:359) refer to the MNCs as "moral agents", analyzed on the basis of the moral values when managers make decision in the firms, going beyond profit maximization. The logic of CSR for MNCs is also derived from the fact that when cultural clashes become relevant due to events such as protests, demonstrations, boycotts, strikes and other negative actions against the employers. The answer to these actions is the formulation of "code of conduct" that should be adopted by MNCs. The success of this initiative, however depends on client expectations and corporate

reputation; the level of trust, acceptance, and cooperation shown by the stakeholders and community of workers. Managerial theories are also strongly related to political theories based on the conceptualization by Garriga and Mele (2004) and supported by Wood and Longson (2002) as well as Detomasi (2008). They stress that social responsibilities of corporation arise from the amount of social power a corporation has and the corporation is understood as being like a citizen with certain involvement in the community. The origin of the political power of CSR is based on Davis's (1960) idea who proposed that business is a social institution and it must use power responsibly. It is also noted that causes that generate the social power are from inside and outside of the corporation. Detomasi (2008) further argued that strategies firm chooses to adopt CSR initiatives are conditioned in part upon the domestic political institutional structure present in the home market. Political theories further demonstrate the links between economic globalization pressures felt by the companies, domestic political structures where the companies are in and CSR policies.

### **Relational Theory**

Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. Relational theory is further divided into four sub-groups of theories: 1) Business and Society; 2) Stakeholder approach; 3) Corporate Citizenship; and 4) Social Contract.

Business and society is proposed to mean "business in society" in which CSR emerges as a matter of interaction between the two entities. One of the measures of CSR is the development of economic values in a society. Another is a person's obligation to consider the effects of his decision and action on the whole social system. Stated in the form of a general relationship, social responsibilities of businessmen need to reflect the amount of social power they have.

Stakeholder approach has been developed as one of the strategies in improving the management of the firm. It is also said as a way to understand reality in order to manage the

socially responsible behavior of a firm. The stakeholder approach further considers a firm as an interconnected web of different interests where self-creation and community creation happen interdependently; and individuals behave altruistically. Based on Garriga and Mele's (2004) analysis, stakeholder approach is both within the integrative and ethical theories, where the former emphasizes the integration of social demands and the latter focuses on the right thing to achieve a good society. These are supported by the work of Mitchel, Agale and Wood (1997) where balances among interests of stakeholders are the emphases; and the work of Freeman and Phillips (2002) that considers fiduciary duties towards stakeholders of the firms, respectively. Corporate citizenship of the relational theory strongly depends on the type of community to which it is referred. It is a path that a corporation may take to behave responsibly. Fundamentally, it is about the relationship that a corporation develops with its stakeholders, and therefore, the former has to continuously search for engagement and commitment with the later. Corporate citizenship based on Garriga and Mele's (2004) analysis is an approach.

Finally, the social contract theory of the relational group refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analyzing social relation between corporation and society. Hence, CSR is derived from the moral legitimacy the corporation achieves in the society and understanding about CSR is contained in the justification of social actions that legitimize the behavior of the corporation. Garriga and Mele's (2000) analysis puts the social contract theory under the group of ethical theories, the approaches of which include universal rights (UN Global Compact, 1999) and sustainable development. Both approaches of CSR are based on human rights, labour rights and respect for the environment.

In conclusion CSR theories, Utilitarian is simplified in its views by the individuals and mechanical from the corporation perspective, managerial is very organizational oriented and measurable; and relational is values based as well as interdependent between the corporation

and society. The allocation of responsibility according to the order of the theories is economic system, the corporation and the type of the relationship. This conclusion is further strengthened by another not so-distant conceptualization about CSR in that the theories are grouped into instrumental, political integrative and value based. Instrumental theory is focusing on achieving economic objectives through social activities; political focusing on a responsible use of business power in the political arena; integrative concentrating on drawing together management issues, public responsibility, stakeholder management and corporate social performance; and ethical theory is emphasizing strategies to achieve a good society.

In the 1990s Carroll (1999) argues that there was little academic interest and efforts to define CSR. According to Carroll (1991) four kinds of social responsibilities constitute total CSR: economic, legal, ethical, and philanthropic. Furthermore, these four categories or components of CSR might be depicted as a pyramid.

*Economic Responsibilities:* Historically, business organizations were created as economic entities designed to provide goods and services to social members. The profit motive was established as the primary incentive for entrepreneurship. Before, it was anything else; the business organization was the basic economic unit in our society. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. At some point the idea of the profit motive got transformed into a notion of maximum profits and this has been an enduring value ever since. All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become most considerations.

*Legal Responsibilities:* Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal state and local governments as the ground rules under which business must operate. As a partial fulfillment of the 'social contract' between business and society,



firms are expected to pursue their economic missions within the framework of the law. Legal responsibilities reflect a view of ‘codified ethics’ in the sense that they embody basic notions of fair operations as established by our lawmakers. They are depicted as the next layer on pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as perfects of the free enterprise system.

*Ethical Responsibilities:* Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified by law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers’ employees, shareholders and the community regard as fair, just or in keeping with the respect or protection of stakeholders moral rights.

In one sense, changing ethics or values precede the establishment of law because they become the driving force behind the very creation of laws or regulations. For example, the environmental civil rights and consumer movement reflected basic alterations in societal values and thus may be seen as ethical behavior weathers foreshadowing and resulting in the later legislation. In another sense, ethical responsibilities may be seen as embracing newly emerging values and norms society expects business to meet, even though such values and norms may reflect a higher standard of performance than that currently required by law.

The business ethics movement of the past decade has firmly established an ethical responsibility as a legitimate CSR component. Though it is depicted as the next layer of the CSR pyramid, it must be constantly recognized that it is in dynamic interplay with the legal responsibility category. That is, it constantly trusts the legal responsibility category to broaden or expand while at the same time placing ever higher expectations on business persons to operate at levels above that required by law.

*Philanthropic responsibilities:* Philanthropy encompasses those corporate actions that are in response to society's expectation that business be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill.

CSR as social obligations: This first perspective was launched by Bowen (1953), who defined CSR as the obligation 'to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objective and values of our society.

CSR as stakeholders' obligation: Starting in the mid 1990s a number of scholars has contended that the notion of social obligation is too broad to facilitate the effective management of CSR. In particular, as stated by Clarkson (1995), society is at "a level of analysis that is both more inclusive, more ambiguous and further the ladder of abstraction than a corporation itself" Clarkson (1995) and other scholars (e.g. Donaldson and Preston 1995; Jones 1995; Wood & Jones 1995) argue that business are not responsible toward society as a whole but only toward those who directly or indirectly affect or are affected by the firm's activities. These different actors are called stakeholders and can be regrouped in four main categories (Henriques and Sadonsky, 1999) (a) organizational (e.g. employees customers, shareholders, suppliers) (b) community (e.g., local residents, special interest groups), (c) regulatory (e.g. municipalities, regulatory system), and (d) media stakeholders.

CSR as managerial processes: The three perspectives introduced thus far essentially characterize the factors inducing businesses to commit CSR. In contrast, a number of authors have depicted CSR in terms of concrete organizational processes often analyzed under the level of corporate social responsiveness. For example, Ackerman (1975) outlined three main activities representative of corporate social responsiveness: (a) monitoring and assessing environmental conditions, (b) attending to stakeholders' demands, and (c) designing plans and politics aimed at enhancing the firm's positive impacts. Similarly, Warwick and Cochran (1985) along with Wood (1991) suggested that issues management and environmental assessment constitute two sets of managerial processes useful to achieve a proactive social

responsibility stance. Nevertheless, Garriga and Melé (2004) point out that a new landscape of concepts and theories surrounding the CSR field have arisen. This proliferation of new approaches and terms such as corporate responsiveness, corporate citizenship, stakeholder management, corporate social performance, issues management, and corporate sustainable development, has enlarged the scope of CSR but has also created confusion. In an effort to clarify this situation, Garriga and Melé mapped the main CSR theories and concepts in four main dimensions: (1) instrumental theories, in which the main focus is achieving economic objectives and wealth creation through social activities (Friedman, 1970; Porter and Kramer, 2006; Prahalad and Hammond, 2002); (2) political theories, which central feature is aiming a responsible use of business power in the political arena (Davis, 1960; Wood and Lodgson, 2002, Andriof and McIntosh, 2001); (3) integrative theories, which focus is on the integration of social demands and the balance of the interests of stakeholders of the firm (Preston and Post, 1975; Sethi, 1975; Wartick and Mahon, 1994; Wood, 1991; Wartick and Cochran, 1985); and (4) ethical theories, based on universal rights, sustainable development and the common good (Freeman, 1984; The Global Sullivan Principles, UN Global Compact, 1999; World Commission on Environment and Development, 1987; Melé, 2002). Garriga and Melé's (2004) research suggests that the aforementioned categories should be manifested within the interactions between businesses and society. In other words, a firm's objective should not only be restrained to produce economic wealth but also to respect the environment, universal rights, as well as, the interest of the firm's stakeholders with a responsible use of its business power in political arenas. It is not my aim for this chapter to review all concepts and approaches surrounding CSR, but will describe the main ones throughout the following chapter.

### **STUDIES IN INDIA**

Krishna (1992) in his study "Corporate Social Responsibility in India" review different aspects of corporate social responsibility related managerial attitudes. He found managers in

Indian corporations are very much favorable to corporate social responsibility. The various factors responsible for their acceptance are the value change in society, role of industry in shaping the society into a democratic and socialistic society, the public criticism about the less satisfactory performance of industry in respect of political affairs, consumer interest, human relations and environmental pollution; and the rising expectations of public. The survey titled 'Altered Images: the 2001 state of Corporate responsibility in India Poll' by the Tata Energy Research Institute traces back the history of CSR in India and suggest that there are four models. The 'Ethical model suggested by Mahatma Gandhi, where companies are voluntarily committed to public welfare and participate in nation building. The 'Statist model' propounded by Jawaharlal Nehru in post independent India, this model calls for state ownership and legal requirements of CSR. In this model the state propagated the concept of CSR by making regulations on the industry to keep the workers interest in mind before profits. Regulations made it compulsory for the organizations to be responsible to the society. The 'liberal model' by Milton Friedman talks about CSR being limited to private owners or shareholders. The latest is the 'stakeholder Model' championed by R. Edward Freeman which calls for Companies to respond to all stockholders needs.

Kumar, Murphy, Balsari (2001) in their survey Altered Images, discussed following four models of CSR and all of which can be found in India:

Ethical model: The origin of the first ethical model of corporate responsibility lie in the pioneering efforts of 19<sup>th</sup> Century Corporate Philanthropist such as the Cadbury brothers in England and Tata family in India. The pressure on Indian industrialists to demonstrate their commitment to social progress increased during the independence movement in India, Gandhiji advocate the notion of 'trusteeship,' whereby the owner of property would voluntarily manage their wealth on behalf of the people.

Statist model: A second model of corporate responsibility emerged in India after independence in 1947. When India adopted the socialist and mixed economy framework,

with large public sector and state owned companies, the boundaries between the state and society were clearly defined for the state enterprises. Elements of corporate responsibility, especially those relating to community and worker relationships were enshrined in labor law and management principles. This state sponsored philosophy still operates in the numerous public sector companies that have survived the wave of privatization of early 1990s.

**Liberal Model:** Indeed, the world wide trend towards privation and deregulation can be said to be underpinned by a third model of corporate responsibility – that companies are solely responsible to their owner. This approach was encapsulated by the American economist Milton Friedman, who in 1958 challenged the very notion of corporate responsibility for anything other than the economic bottom line. ‘If any is certain to destroy our free society, to undermine its very foundation, it would be a widespread acceptance by management of social responsibilities in some sense other than to make as much money as possible. This is a fundamentally subversive doctrine.’(Friedman, 1958) Many in the Corporate World and elsewhere would agree with this concept, arguing that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

**Stakeholder Model:** The rise of globalization has also brought with it a growing consensus that with increasing economic rights, business also has a growing range of social obligations. Citizen campaigns against irresponsible corporate behavior along with consumer action and increasing shareholder pressure have given rise to the stakeholder model of corporate responsibility. This view is often associated with R. Edward Freeman, whose seminal analysis of the stakeholder approach to strategic management in 1984 brought stakeholding into the mainstream of management literature. According to Freeman, ‘a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organizations objectives.’

TERI-Europe commissioned ORG-MARG to conduct a quick poll on the state of responsibility in India to capture perception and expectations of general public, workers and corporate executives. The poll was carried out in four metros in 2001 and it has been seen that workers and general public have trusted Press & Media, religious group and NGOs as they work in best interest of society. Each stakeholder group rated institutions differently in terms of their trustworthiness. Company executive believe that NGOs are the most trust worthy institutions in the country (a trust factor of 79%), whereas workers and the general public favour the media and religious groups (85% and 84% respectively). Across respondent group, the national government is not regarded as a very trustworthy institution. Further, when company executives and workers were asked to name the most socially responsible Indian company, an overwhelming number named the Tata group for reasons that give heavy weight age to ethical behavior, environmental care, and social welfare schemes for the community.

Rajasekhar (2000) In his CSR Analysis discussed, that today business has such a tremendous impact on society, the manager's job has taken a new dimensions, managers realized that their business houses should not only be economical and efficient but also have a corporate conscience and an obligation to the society from which they are obtaining a number of benefits.

Garain( 2001) discussed that in the context of socio-economic changes corporate are encountering an incredible opportunity for showing concern for the community and to their stakeholders. Corporate by way of deploying corporate resources including human resource for developing competency of the unskilled, semi-skilled and so called resource less people in the rural and urban areas. He suggested that within the preview of 'corporate volunteering' companies may ask its employee to go out into the community to give their time to a Non Profit Agency. He discussed the process of developing corporate volunteering programme in the NGOs and benefits of the involvement of corporate in the support of NGOs.

Chahoud (2007) reported in her research project that in India community development in recent times has become more professional than before. Indian companies covered by the survey put considerable effort into identifying beneficiaries, since they regard correct identification as one of the major challenges in their CSR engagement. Various Indian companies either seek assistance from established trusts or leave the identification process to NGOs or development NGOs or Development agencies. According to the empirical data gathered, in the above-mentioned study, CSR has been substantially institutionalized. Nearly all the Indian companies have designated a department or person to be responsible for CSR. More than one third of the companies surveyed have a CSR body in place, in most cases a CSR council or committee at company level. Where there is no organizational body exclusively for CSR, CSR is administered by the human resource or communication department. Also, the empirical findings show that external and internal CSR dimensions are equally important for foreign companies (operating in India). All most all-foreign companies adopt their home country's or regional head office's CSR policies and code of conduct. Yet the companies enjoy the freedom to adopt them to country-specific needs. Further the results of the study underline; community development is key element of India's CSR agenda. Indian companies regard their community development projects as a way of contributing some of their profits to social welfare objectives. From the findings it is obvious that companies engage mainly in education and vocational training. Indian companies also focus on health, especially HIV/AIDS. Among Indian companies, the "volunteering" of staff for social projects is widespread. The study concluded that, the long tradition of CSR in India and the recent changes in the Indian CSR agenda indicates that CSR in India has considerable potential for improving corporate environmental and social conduct. India's weak multi-stakeholder performance must be improved, the Indian CSR agenda therefore needs to embrace and incorporate various stakeholders and their expectations. As a prominent international multi-stakeholder concept, global Compact provides fertile ground for

broadening and deepening CSR in India. Further activities need to be taken therefore to turn the global compact into successful initiatives in India.

The study suggested that as community development is a very important feature of the Indian CSR agenda, these projects should be aligned to tap their full potential, community development projects need to be coherently planned, implemented and monitored, preferably in partnership with NGOs and local government. Also public policy should rethink its role in CSR. In particular, public policy agencies need to accept companies as partners in development. They should acknowledge the potential of the business community's dynamic and modernizing elements, and partnerships with companies and stakeholder organization should therefore be fostered.

As law enforcement is said to be poor in India, public agencies and officials need to enhance their commitment to the more effective application of national regulations. To create an enabling environment for CSR, government agencies should also foster stable and transparent policies and regulations. Where corruption is concerned, public institution should advocate zero tolerance of all forms of corruption, and public sector undertaking should act as role models. 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. The 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



Corporate social Responsibility Survey- 2002 has been conducted on the basis of design of Price Water House Coopers (PwC) in consultations with UNDP, the British Council and Confederation of India Industries, This survey attempted to capture the entire gamut of issues pertaining to Corporate Social Responsibility in India. It is found that the most important reason to undertake CSR initiatives for several of the respondent companies is to be a good corporate citizen. Good Corporate Citizenship, CSR initiatives are inextricably linked with brand reputation, which is one of the most important drivers of CSR identified by the respondent Companies. The second most important driver of CSR in the opinion of Corporate India is that CSR provides an opportunity to improve relationship with local communities. The predominant perception of CSR are as follows: (i) Ethical conduct activities, (ii) Transparency, (iii) contribution to nation building, (iv) Enhance long term stockholder value, (v) Correction of social inequalities, (vi) Social service work, and (vii) Compliance with law. Khan and Atkinson (1987) had carried out a comparative study to analyse the views of the senior managers on social responsibility in India and Britain with a sample of size of 200 and 400 companies respectively and found strong similarities towards a range of social responsibility concepts. The study showed that over 94 percent of Indian and British executives surveyed viewed social responsibilities an important and relevant issue to business, and 54 percent of British and 75 per cent of India respondents believed both social and profit goals were essential aspects of business practice.

Mital (1988), in his book *Social Responsibilities of Business: Concepts, Areas and Progress*-one of the earliest books on CSR in India describe the CSR initiatives of many companies in India. Although those initiatives appear to be than mere adhoc philanthropic acts, or limited to community development and holds promise for its future.

Partners in Change (PiC) conducted surveys in 96-97,99-00 and 2004 in companies across India, revealed that philanthropy is the most significant driver of CSR, followed by image building, employee morale, and ethics.

A report by The Energy and Resource Institute (Kumar et al. 2000) refers to four models of CSR that have emerged since the beginning of the industrial revolution in Britain and claims that all four - ethical, static, liberal and stakeholder models are present in India. The TERI report, which explored the perceptions and expectations of various stakeholders including workers, company executives and the general public, showed that Indians in general feel must play a wider and more expansive role in society besides providing quality products at reasonable price. They should strive their operations environmentally sound, adhere to high labour standards reduce human right abuses.

The Center for Social Markets (CSM, 2001) survey explored perceptions of and attitudes towards corporate social and environmental responsibility of Indian businesses. It covered Indian industry ranging in size, sector and geographical location. An important finding of the survey was that there were key barriers to CSR in India. These included the government with unclear policies, an ineffective bureaucracy, poor monitoring records, complicated tax systems and poor infrastructure. This paper concluded that responsible business promote social & environmental welfare while making profit.

Suresh Chandar, Rajendran, Ananthraman (2002) in their work identified social responsibility as one of the critical dimensions of TQM and TQS.

According to the findings of the Partner in change (PiC, 2003) that include 536 companies across India, corporate Philanthropy is the most significant driver of CSR, followed by image building and employee moral and ethics.

Sagar & Singla (2004) in their study discussed that spirituality and corporate social responsibility (CSR) have had a deep rooted connection in India. A phenomenon that has preceded the coining of the term 'CSR', the link between the *karma* as espoused by sacred Indian text and initiatives anchoring corporation, as responsible citizens has been amply evident in India since the early days.

A research project commissioned by the Indian Committee of the Netherlands carried out by Consultancy and Research for Environmental Management (CREM) in the Netherlands and PiC in India, interviewed Dutch companies and their Indian counterparts, along with other stakeholders. The report concluded that Dutch companies operating in India practice CSR very partially. It also claims that although most of the Dutch multinationals do have CSR policies or codes of conduct, their Indian subsidiaries are not normally involved in similar developments. The Indian operations of the Dutch companies also lack monitoring and companies generally do not check if production in the supply chain follows internationally agreed labour and other human rights and environmental standards (CREM, 2004).

Naidu (2005) stated volunteering is important way by which corporate can involve them in CSR, corporate do encourage their professionals employees to volunteer for social cause, corporate can lend their expertise to NGOs'. He also gave examples how corporate sectors involved in the fight against HIV/AIDS in India.

Goswami (2005) showed that CSR practice have contributed to the positive image of the institutions, have brought them closer to the society and have resulted in the gainful self-employment of downtrodden.

Verma & Chauhan (2006) in their investigation discussed that India being a developing economy growing at a rate more than 8% par annum and its GDP aggressively dominating some developed economy, but it has lower HDI. For this reason still we are dealing with many social problems, like environment pollution, unemployment, poverty and other social indicators. The said study attempted to find economic vis a vis social progress and how the corporate social responsibility practices can contribute in this regard. They have shown through a case study of Asok-leyland (a car manufacturing company) in India for the benefit of society & for their own sake in terms of factors like environment, health. They concluded that country like India is progressing at a growth, which is much higher to its social growth.

So there is urgent need that all stakeholders in national economic development put synergetic effort to create an impact.

Gupta and Saxena (2006) in their empirical study titled 'Corporate Social Responsibility in Indian Service Organizations' shows that managers of both the Indian airlines have readiness and commitment for CSR practices and initiatives. There is positive attitude and willingness amongst managers for implementation of CSR. They concluded CSR implementation needs ensuring of allocation of required funds for CSR activities and also observed that system needs augmentation for being more effective in delivering the results envisaged at planning stage for CSR.

Saquile, Sehgal and Pamlin (2006) in their survey found that 68 per cent respondent companies cited the key reason for environmental consideration as 'Part of Core Values / Principle' of business. An investigation regarding their corporate policies in terms of social issues such as the environment, occupational health and safety, social welfare, anti-discrimination, human rights and community development, the majority of companies revealed that they possess policies for most, if not all, of these issues. More than 60 per cent of the respondents have corporate policies regarding the environment, while 55 per cent have implemented policies around occupational health and safety and 53 per cent have social welfare programme in different areas.

DasGupta (2007) found social duties and engagement in charity by Indian were often implicit, but over time CSR has become more dominant and broader in scope. Further he found that the period of modernization was also accompanied by realization among industry leaders of the social needs and the role of private corporate management in addressing these needs. Over the last several decades, CSR activities in India evolved from charity and traditional philanthropy toward the mainstream global –oriented conception of the term.

## STUDIES IN ABROAD

Rostami and Hall (1995) identified in their employers survey, the top five qualitative reasons for encouraging employer-supported volunteerism, which are improved public relation with community, public image, increased health of community, sense of self worth, improved people skills. Interestingly survey responses showed employer place less emphasis on quantitative benefits derived from employer-supported volunteerism. Increasingly companies are finding that employer-supported volunteerism is an integral part of any corporate social responsibility program.

Volunteer Canada (2000), which offers ideas, tips and strategies and how not for profits can incorporate employer-supported volunteers into their operation.

Fomburn, Gardbery and Barnett (2000) identify eight key stakeholders that may strengthen their relationships with organizations. The key stakeholders include customers, partners, employees, media, community, regulators, activists and investors. They argued that community relations programs could help promoting positive images of the company. Honors given to select companies by activists groups for safety, environmental protection, philanthropy or equal opportunities for employment make an organization more distinguished and visible to consumers.

Quazi and O'Brien (2000) and Quazi (2003) argued that perceived managerial views of CSR are positively linked with the managerial demographics such as age, education and international experience of managers. Responsibility can be simply defined as a moral attribute of people, which makes them believe they have a duty or obligation to others (Helkama 1981, cited in Takala & Pallab, 2000). In this sense, responsibility, at least, assumes or depends on a relationship between two parties, where one party ascribes to another party a hope to act in a certain way. Such hopes or expectations are unlikely to be only expectations based on taste and preferences but have an authoritative and binding character (Fischer, 2003). When it is used in the context of a corporation, responsibility may

be taken to mean “responsibilities for action which do not have purely financial implication and which are demanded of an organization under some (Implicit & explicit) identifiable contract (Gray, et al 1987). This definition emphasizes the growing recognition that the values, ethics and behavior of corporation can have an impact (positive and/or negative) upon society. Recognition of values ethics and incorporation of these in explaining social responsibility of business has a long history. Crowther (2004, Citing from Joyner and Hyne, 2002) examines the historical development of the corporate social responsibility concept over the period 1938-2002 and shows a concern for increasing recognition of social stakeholders and business responsibility to them. However, Friedman (1970) argues differently. Friedman (1970, cited in Crane & Matten, 2004) has three arguments: only human being have moral responsibility; and social issues are an area of government concern rather than concern of corporate managers. In this way, he suggests that although corporations do have social responsibilities, they are only to increase profit. His arguments have created a long debate between business scholars and philosophers regarding the nature of corporate social responsibility, and presently his view is not widely accepted. Alternatively, very different reasons have been suggested for the social responsibilities of business, other than increasing profit, and these can be grouped into business and moral reasons. Since business reasons suggest that businesses do accept social responsibility for their own good, it actually supports Friedman’s view. In fact, Friedman did not reject the idea of business being socially responsible but did acknowledge that any socially responsible action of a corporation under profit maximization would surely be enlightened self-interest (Crane and Matten, 2004). Hence, many scholars reject these business reasons and argue for moral reasons.

L.E. Preston and J.E. Post state that companies have a responsibility to certain primary and secondary involvements within society. This helped to establish the idea that business and society is interdependent (Clark, 2000). Shocker and Sethi (1974), in fact, portray such interdependency through the social contract they think exist between an organization and the

various social groups from which the organization derives its power. They argue that business will lose power if it does not use power responsibly.

Hess, Thomas, Dunfee (2002) in their study evaluated that multinational corporations are devoting significant time and resources in support of community, what they termed as 'corporate social initiatives (CSI)'. Several characteristics of existing corporate social initiatives are starting to emerge that, in combination, distinguishes them from their predecessors. CSI programmes are connected to the core value of the corporation. Which also reflect corporate recognition of specific community problems or needs as expressed by relevant stakeholder groups? In their study they also identify three broadly defined categories of drivers behind CSI programs (a) The Competitive Advantage Factor (b) The New Moral Marketplace factor (c) The Comparative Advantage Factor.

Moon, Crane, Matten (2003) in their investigative paper open with a discussion of the nature and role of metaphors for business and of the contestable nature of the political concept of citizenship. It considers corporations as citizens in terms of (a) legal and political status; and (b) participants in civic processes. These issues are addressed through a four-dimensional framework of democratic citizenship offered by Stokes (2002). The analyses of the study suggest that corporations do not easily fit the liberal minimalist model of citizenship. It finds however some possibilities.

According to Macedo (2003), the action of corporate responsibility programs reflects in the well-being of the individual and his/her family, implying concepts such as motivation, satisfaction, pleasure and pride, that may result in sales increase, quality of the products or services, profitability and overall company survival.

According to Paula (2002), the programs most frequently developed by companies are directed to those areas the government has proved to be inadequate, e.g., education, culture, health, housing safety, transportation and sports. In these senses, companies do complement

social needs that were not satisfactorily met by governmental institutions, representing a differential competitive factor in short, medium, or long term.

Points of Light Foundation (2000) found that 58 per cent of responding companies use employee volunteering in recruiting and retaining employees. In addition, over 90% of respondents believed employee volunteering improves employee teamwork and helps improve employee morale. It appears that there is a clear indicator of a link between HR goals and employee volunteer; specifically the benefits of employee volunteering programs related to the HR function include improved employee morale, skills development, recruiting, and retention.

According to the European Communities Commission (2001), Social Responsibility is essentially a pillar on which companies voluntarily decide to help build a more just society and cleaner environment. It may manifest itself in relation to employees, and more generically, in relation to all the interested and affected parties, being able to influence the company outcomes.

Ralph Hamann & Nicola Acutt (2003) discussed that partnership between; the business & society can benefit the interests of all parties. From a civil society perspective partnerships can be beneficial because business has important resources and capabilities, which can be harnessed for development purposes.

Szekely and Knirsch (2005) point out that social action programs improve the relationship between employees and company, their own personal development, the institution's image and reputation, the quality of life of the community and community company relationship. In other words, while companies become stronger, employees, their families, and the community are better assisted in their needs.

Schuyt, Theo, Breedijk (2005) in their empirical investigation of the internal effects of employee volunteering conducted amongst employees of the Dutch ABN-AMRO found that,



employees volunteering seems to have positive effects on attitudes and behaviour of employees towards the organization.

Mankelw (2005) identified motivational aspects of Small & Medium Enterprises Corporate Social Responsibility in the context of regional Australia. In particular the study examined managerial perceptions of CSR participation and the driving forces shaping the status of SMEs in terms of their actual behaviour in regard to their community involvement. An enterprise profit motive and CSR perspective of an enterprise was found to represent a range of views. At one extreme CSR participation was viewed by SMEs as an extension of profit making activities and, at the other extreme CSR participation was undertaken with community stakeholders based on purely altruistic motives.

Laitemann, Festcherin, Alon, L. & Schneides (2009) in their empirical study, found that among the developing economics, CSR is much less well known and studied in contrary to the developed world, where the terms of CSR, corporate Volunteerism, social marketing and strategic philanthropy, have penetrated the main stream literature and multinational practices. Though it has been generally recognized that economic development will ultimately increase CSR practices in a society, but the establishment of CSR is not simply determined by the level of economic development, e.g. China has a much higher level of economic development than Indian measured by both per capita income and the economic growth rate, thus collectively, Chinese firms should have higher CSR standards and face fewer product quality problems than Indian firms. But this is not consistent with reality. The finding of the study are that (a) a better internal corporate governance environment facilitates a higher level of CSR communications (b) To raise the overall CSR standards, government in relation-based society like China, must consider improving its own institutions, rule of law and governance environment, in to monitoring business firms more intensively (c) There are two types of institutional constraints found in developing countries. Formal institution constraints such as

laws, regulations and state policies and informal institutional constraints like culture and social trust. Form Institution constrains can be changed through legislative power and enforcement capability.

A 2001 survey conducted by the State Chamber of Commerce (CSR Indicator Survey) Reported that 75 per cent of companies were involved (slightly or very actively) in employee engagement. An increasing emphasis on employee engagement is evident by the growing number of employee engagement programmes featured on CSR websites. Corporate volunteering is an important form of social investment, which allows businesses to leverage human capital for public benefit. Companies have moved beyond making donations to local communities to identifying ways that their employees can make a difference, leveraging the talents and energies of staff to make more of the company finances, and increasingly reporting such activities on their websites and in annual reports. Recognizing the potential benefits of employee engagement, a number of companies have begun to measure and report their employee engagement programmes. Some like Reuters have initiated coordinated global employee engagement campaigns. May 4, 2004 marks the beginning of Reuters' global employee engagement week that will feature a range of volunteering opportunities designed to utilize the knowledge, skills and talents of their employees for public benefit. In Australia there are a number of companies that conduct employee engagement activities locally as part of their global employee engagement campaigns. Among national companies Lend Lease Corporation has instituted a Community Day for which it reports 70% employee involvement and Volunteering. Australia's recent work has helped other Australian companies to do the same. Companies have a range of motivations for this type of activity; to build teams, morale and motivation; making values come alive; and increasingly to add value to staff development and training. Employee engagement can also lead to innovation and competitive advantage. One example is Vodafone's commitment to using its resources - financial and human - for the benefit of people with special needs. This commitment has led to their

exploration of new technologies for the visually impaired, and in 2003 Vodafone UK launched a speaking mobile phone in collaboration with Royal National Institute for the Blind. The company has also partnered with the UK Council for Deafness and Mutability - the largest supplier of motor vehicles for the disabled in the UK - to further explore the development of new products and services. These activities have brought many business benefits for Vodafone including an enhanced corporate image, a growing business portfolio and the training and skill development of employees involved. Another example is India Hindustan Lever, a member of the Unilever Group and a world leader in food brands. They established in the 1970s an "Integrated Rural Development Program" to assist farmers in improving milk supplies. This was as a direct response to their challenge of operating at 50% capacity and incurring significant losses due to interrupted milk supplies. Through the programme, they educated and trained local farmers and milk suppliers in animal husbandry, developed basic infrastructure, established village development committees and initiated local health care programmes. The programme has provided valuable training opportunities to young managers who have been given the opportunity to work with the local community organizations and to develop business relationships, skills and knowledge. By investing in its core business needs, the company has not only become more profitable and efficient but also provided valuable support to the local communities where it operates and contributed to the development of the skills and resources of its workforce. Living conditions in the local communities have improved significantly, the project has grown from 6 to over 400 villages, and company milk supplies have increased significantly, meeting capacity objectives.

Deller (2004) in his study argued that effective community development efforts require high levels of volunteerism amongst business leaders and citizens. Effective and sustainable community development requires a diversified pool of volunteers that are willing to assume leadership positions in some situations, while at other times are willing to follow. One major

findings of the study is that, amongst corporation one amongst five involved in volunteering on his own initiatives.

Allen (2003) in his studies observed that any sensible corporate response to the community demands for transparencies in practices will include greater corporate involvement in the community and that will mean more interest in corporate volunteering activities that encourages and support volunteering by employees in the community and /or through which companies make institutional commitment of their human as well as financial resources to address community problems. In the former case, workers volunteer their time and energy, either on their own or under company sponsorship. In the latter, they are 'volunteered' by the company and serve the community as part of their job. No matter how corporate volunteerism practiced, an increased interest in corporate volunteering has implications for NGOs/NPOs. It is to those organizations that business will turn to provide the opportunities for their employees to volunteer and most often the management resources to engage them in productive ways companies will have expectations of the experience their employees will have as volunteers together with benefits that should accrue both to employees and to the company itself. Corporate Volunteering is not new. In many countries business of all sizes traditionally have played leadership roles in their communities. The idea of corporate volunteering as a definable phenomenon emerged in the United States in the late 1970s' over the past 35 years; it has spread slowly but surely throughout the world, practiced both by multinational corporations and indigenous businesses.

Hochberge and Reynolds (2007) Research suggests that employer-supported volunteering schemes can motivate employees to join companies and encourage commitment. Volunteer IMPACT survey by Deloitte found that 62 percent of respondent prefer to work for a company where they can volunteer.

Tuffrey (2003) in his research has found that involvement in ESV schemes and support for volunteering from employers helps employees feel more positive about their employer and more committed to their job.

To summarize, in this section we have reviewed two main aspects of the CSR infrastructure question: (1) definitions of CSR highlighting the evolution of business addressing social issues which can be adopted as way of creating a competitive advantage (Porter and Kramer, 2006); (2) a new infrastructure for CSR that comes from societal levels (Waddock, 2006).

Herzig (2004) in his study argues that corporate volunteerism has direct benefits as a civil activity and emphasised the importance of investments into human capital of companies and into a benevolent regional environment. Through improving the corporate social performance, corporate volunteerism can contribute to a sustainable corporate development.

Seshasayee (2006), in his article noted that, with many corporate practices, the CSR culture has to permeate through the entire organisation. In many ways, CSR will work only if all the employees are conditioned with an urge to do well. This kind of volunteerism not only makes CSR more effective, it also motivates employees as they participate in a laudable cause, giving additional meaning to life.

From the foregoing literature review it has been seen that there is miscellany in research initiatives in the area of corporate social responsibility, corporate community involvement and corporate volunteerism. CSR not only concerns the relationships between corporations and other actors that can be studied empirically, it also has a normative content that addresses what responsibilities corporations might have in our changing social and economic context. Those societies are different in many respects implies that CSR can have different faces in different societal contexts. This is found as different agendas for CSR in different parts of the world, in the different CSR responses by companies to those agendas, and in the differential capacity of organizations and their managers to understand and address those issues.

In Indian studies it has been seen that community development is a key element of CSR agenda, companies consider their community development project as a way of contributing to social project for welfare of community. Researcher has not found any regional study for instance, there has not yet been conducted any study in Assam.

## REFERENCES

---

- Atkinson, G. (2000), "Measuring Corporate Sustainability," *Journal of Environmental Planning and Management*, Vol. 43, No. 2.
- Andriof, J., and McIntosh, M. (2001) (eds.), *Perspective on Corporate Citizenship*, Greenleaf, Sheffield: U.K.
- Allen, K. Vizza, C and Keller, S. (1986), *A New Competitive Edge: Volunteers from Workplace*, The National Volunteer Center, Arlington, Virginia.
- Friedman, T Thomas (2000), *The Lexus and the Olive Tree*, Anchor Books, New York.
- Allen Kenn (2003), "The Social Case for Corporate Volunteering", *Australian Journal of Volunteering*, Vol. 8, No. 1
- Bowen, H. (1953), *Social Responsibilities of the Businessman*, Harper & Row, New York: NY.
- Carroll, A. (1991). "The pyramid of corporate social responsibility: Toward the Moral Management of Organizational Stakeholders," *Business Horizons*, July -August,
- Davis, K. 1973), "The Case for and Against Business Assumption of social Responsibilities," *Academy of Management Journal*, Vol. 16.
- Cannon, T. 1994. *Corporate Responsibility*. Pitman, London.
- Clark, C.E. (2000). "Differences Between Public Relations and Corporate Social Responsibility : An analysis". *Public Relations Review*, Vol. 26, No.3.
- Crane, A. and Matten, D. (2004). *Business Ethics: A European Perspective*, Oxford.
- Chapple,W. and Moon,J.(2005), "Corporate Social Responsibility in Asia: a Seven Country study of CSR Website Reporting", *Business & Society*, Vol.44,No.4.
- Davis, K. (1975). "Five Propositions for Social Responsibility". *Business Horizons*, June
- Das Gupta, A (2007) Social responsibility in India towards global compact approach. *International Journal of Social Economics*, 34
- "Executive Summary and Recommendations: CSR in India" Perspective For Business (2007) [www.article13.com](http://www.article13.com). Accessed on 19/05/2007..
- Fisscher, O, Nijhof, A. and Strensma, H. (2003). "Dynamics in Responsible Behavior". *Journal of Business Ethics*. Vol.44, No 2
- Garriga, E, Mele, D. (2004), "Corporate social responsibility theories: mapping the territory," *Journal of Business Ethics*, Vol. 53, No. 1-2

- Gray, R.H., Owen, D.L. and Maunders, K.T. (1987). *Corporate Social Reporting: Accounting and Accountability*. Hemel Hempstead, Prentice Hall, U.K.
- Goyder, M. (1998), *Living Tomorrows Company*. Alder-shot: Gower.
- Garain, Swapan. (2001), "Corporate Citizenship and Corporate Volunteerism", *Yojana*, Vol.45
- Herzig, Christian. (2004), *Corporate Volunteering in Germany*, Center for Sustainability Management, University of Lueneburg, Scharnhorstar.
- India International Center. (1966), *Social Responsibilities of Business*, New Delhi.
- Jamali, D, Mishak, R. (2007), "Corporate Social Responsibility (CSR): Theory and practice in developing country context", *Journal of Business Ethics*, Vol.72.
- Krishna,C. Gopal. (1992), *Corporate Social responsibility in India*, Mittal Publication, New Delhi
- Kumar, R, Murphy D. and Balsari, V. (2001), *Altered images: The 2001 state of Corporate Responsibility in India Poll*, Tata Energy Research Institute, New Delhi.
- Mankelow, Gary (2006), "What motives small enterprises to participate in corporate social responsibility? *The Journal of Business and Social Enquiry*, Vol.4, No.1
- Moon Jeremy, Crane Andrew & Matten Dirk (2003) 'Can Corporations be Citizens ? Corporate Citizenship as a metaphor for business participation in society'. No. 13, ICSSR Research Paper Series.
- Naidu, Y. (2005), "Corporate Social Responsibility in India: Intervention on HIV/AIDS", *Perspective in Social Work*, Vol XX, No 1, June-April.
- Pasquero, Jean (2005). *The Social Responsibility of the firm as a Subject of Management Studies: An historical Overview*. Saite-Foy, Quebec.
- Prahalad, C. and Hart, S. (2004), *Fortune at the Bottom of the Pyramid: Eradicating poverty through Profits*, Wharton School Publishing, Philadelphia: PA.
- Porter M. and Kramer, M. (2006), "Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility", *Harvard Business Review*, Vol.84, No.12.
- Kotler, P. and Lee, N. (2004), *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, Hoboken, New Jersey: Wiley & Sons, 2004)



- Points of Light Foundation (2000), *The Corporate Volunteer Program as a Strategic Resource*, Washington DC.
- Partners in Change (2003), *Third Report on Corporate Involvement in Social Development in India*, New Delhi.
- Steven, C.D. (2004) Volunteerism and Community Development, *Community Economics Newsletter 334*; University of Wisconsin-Extension.
- Saquile, Rajesh Sehgal, Dennis Pamlin (2006) Indian Companies in the 21<sup>st</sup> Century – An Opportunity for innovations that can save the Planet, ([www.indian-inlaga](http://www.indian-inlaga). accessed on 23/11/2006).
- Quazi, A.M. and D, O'Brien. (2000), "An Empirical Test of a Cross-National model of Corporate Social Responsibility", *Journal of Business Ethics*, Vol.25,
- Ralph, A. & Nicola Acutt (2003), "How should Civil society responds to Corporate Social responsibility? A Critique of Business", *Development and South Africa*, Vol .20, No.2.
- Raynolds, L.T, Murray, D.L.(2007), *Fair Trade, Contemporary challenges and future prospects*, in *Fair Trade: The Challenges of transforming Globalization*, Routledge: London.
- Sagar, P and Singla, A. (2004), "Trust and Corporate Social Responsibility: Lessons from India", *Journal of Communication Management*, Vol.8, No.3.
- Shocker, A.D and Sethi, S.P. (1974), An approach to incorporating social preferences in developing corporate action strategies In S.P. Sethi (Eds), *The Unstable ground: Corporate Policy in a Dynamic Society*. Melville, California.
- Singh, D.R, and Ahuya, J.M. (1983), "Corporate Social Reporting in India", *International Journal of Accounting*. Vol.18, No. 2
- Saxena, Karunesh and Gupta, Divya Kriti (2005), *Corporate Social Responsibility in Indian Service Organizations: An Empirical Study*, Effective executive, ICFAI University Press, Hyderabad.
- Takala, T. and Pallab, P. (2000), Individual or Collective Social Responsibility of the Firm". *Business Ethics: A European Review*. Vol.9, No. 2.
- Tuffrey, M. (1995), *Employee and the Community: How Successful Companies Meet Human Resources Needs Through Community Involvement*, PRIMA Europe/The Corporate Citizenship Company, London.

Tuffrey, M. (2003), *Good companies Better employees: How community Involvement and good corporate citizenship can enhance morale, motivation, commitment and performance*, the Corporate Citizenship Company, London.

Waddock, Sandra (2006), *Building a new institutional infrastructure for corporate social responsibility. Inter –continental Dialogue on Corporate Social Responsibility*, Montreal, Canada,

Waddock, S.A.C. Bodwell and S.B. Graves (2002), ‘Responsibility: The New Business Imperative.’ *Academy of Management Executive*, Vol.16, No.2

Wood, Donna J. (1991a), “Corporate Social Performance Revisited”, *Academy of Management Review*, Vol. 16 No 4.

Wood, Donna J. (1991b), “Social Issues in Management: Theory and Research in Corporate Social Performance”, *Journal Management*; Vol.17, No.2

World Business Council of Sustainable Development (1998), *Meeting Changing Expectations: Corporate Social Responsibility*, WBCSD, Geneva, Switzerland.

Zadek, S., Pruzan, P. and Evans, R. (1997), *Building Corporate Accountability Emerging Practices in Social and Ethical Accounting, Auditing and Reporting*, Earth Scan, London, UK.