Corporate Social Responsibility: A Philosophy Behind the Philosophy

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Abstract

The term Corporate Social Responsibility has gathered much spin in the recent past cutting across cross-cultural business scenario’s and various disciplines including law. It is a fact of life that when man ventures into greed he might often commit moral lapses. As a natured landscape of quest to ethical basis, many Corporations are going beyond binaries of right and wrong by proactively attempting to make things better in the communities in which their businesses operate. As against an operational part, theoretically also, many of today’s Corporations and Companies are exhibiting what is known as Corporate Social Responsibility, not only attempting to meet discrete legal techniques and philosophical standards of living but cherishing values that promote the greater welfare of society at large from the point of view of Social Welfare State. Be it as it may, it furthers social welfare measures, donations and taking initiatives to make our air, water and surroundings clean. It is of paramount obligation for businesses and tycoons of today’s Corporations, which assumes a great significance and is ferreted within the framework of this article.

Keywords: Corporate Social Responsibility, Stakeholder, Corporations, Philosophy and Standards

Introduction

A confused and flawed system of strategies, lack of vision, greed, overconfidence and the use of poor business skills serve as the big impediments in the true realization of Corporate Social Responsibility and financial collapses. [1] Corporations are bound to lay a strong edifice of a moral and truly human world recognizing the inter-generational obligations. [2]. Idealism of 1950’s described Corporate Social Responsibility as a responsibility towards society in the broadest sense. (Bowen, 1953, Carroll 1979, Frederick, 1994) or responsibilities that society imposes on Corporations (De George, 2008). The term is used to describe the philosophy behind a company’s response to CSR responsibilities and many dimensions of CSR Orientation, as described by Carroll. [3] This was followed by the period of Corporate Social Responsiveness. Since the mid 1980s there has been a fundamental transformation of the way in which organizations work and function along with their employees and staff. The talents of employees and the Social Capital they bring with them have gained tremendous continuum as creating a added value is dependent and intertwined on their best efforts. The research on CSR is dominated by two broad threads of literatures (Gond, Palazzo, and Basu, 2009), Aguilera, Rupp, Williams, and Ganapathi (2007), Castelo Branco and Rodrigues (2006) the economic or instrumental approach to CSR (e.g., Friedman and Friedman, 1962; Friedman, 1970; Husted and Allen, 2000; Coutinho and Macedo-Soares (2002), Maignan and Ferrell, 2001, 2004; McWilliams, Siegel, and Wright, 2006; McWilliams and Siegel, 2001; Porter and Kramer, 2002, 2006), and the duty-aligned or ethical approach on CSR (e.g., Bowie, 1998; Cassel, 2001; Donaldson and Dunfee, 1999; Donaldson and Preston, 1995; Freeman, 1984; Mahon and McGowan, 1991; Melé, 2002; Shrivastava, 1995; Swanson, 1995, 1999). Each approach holds more or less explicitly, both positive and descriptive ambitions. [4]

Research Problem

To evaluate and assess the impact of Corporate Social Responsibility (CSR) on the sustainable and equitable employment opportunities, right to health and hygiene and a good governance framework to enhance the accountability and transparency of Corporations and Companies in order to cater to the best global scenario.
in view of the well-settled principles and in view of the Companies Act, 2013 in India which has made Corporate Social Responsibility (CSR) as mandatory. At the same time Corporations in India both Private and Public have been found wanting in terms of their contribution to enhance pollution free environment and reduction in green house gases and multiple hazards impending on the health and hygiene. This study shall try to focus on the imperatives of Corporate Social Responsibility (CSR) obtained under India’s Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, United Nations ILO Declaration and the OECD Guidelines and international CSR initiatives like the UN Global Compact, the framework of the European Commission’s relevant Communication instruments like COM (2002) 347 and COM (2001) 416 and contemporary trends of the globalization presently in force in this regard.

AIMS and Objectives

- To assess and explain the sustainable and equitable employment opportunities of employees in organisational set up in cross-cultural business scenario’s in global terms.
- To examine and analyze the foremost and highest standards of accountability, scrutiny, and transparent reporting in organisational management of the Corporate Social Responsibility existing presently in the world.
- To assess and identify a common and robust impact monitoring mechanism and evaluation indexes in the Corporations.

Research Methodology

This piece of Study was carried out by collecting the relevant information about the normative framework of Corporate Social Responsibility particularly with a legal focus on foremost national and international regulatory imperatives related to measuring the performance of the Corporate Social Responsibility in the world.

Csr: Indian Awakening

The legal focus on Corporate Social Responsibility in India is, strictly speaking, a recent phenomenon. [5] It is Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, in case of India. In recent times, Corporate Social Responsibility (CSR) has become an ever-increasing and awakening topical subject of inter-disciplinary discussion among researchers, tycoons and practitioners. As a minimum, responsible business means ensuring of compliance with applicable laws and regulations. In India, Corporations have to mandatorily spend 2% on CSR activities, in a year. However, they are free to choose the areas over which they might spend. That, is a voluntary obligation. It seems they may spend the same on any one issue or a full circle of issues including, Social Welfare measures like Consumer Protection (Consumer Social Responsibility), Labour welfare, Environmental Protection (Corporate Environmental Responsibility), Anti-Corruption Campaigns and the like.

The Key Definitions

The point is that, “Is it CSR-ization”, as coined by one of the distinguished authors. Published definitions since their display by some major players differ in nature and scope. The term “Corporate Social Responsibility” was originally coined in the 1930s by A.A. Berle etal. Although this historical fact is a clue to its meaning, the term has undergone a number of tweaks in usage since then. [6] Bowen (1953) defined “Social Responsibility” as the obligations of businessmen 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.”

In the beginning of the 2nd-half of the 20th Century, according to Davis' key formulation, “Social Responsibility” refers to the “businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.”

In the same year, in 1960 Frederick made the observation that, “Social Responsibility” would mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public, thereby enhancing overall socio-economic welfare.

Archie, B. Carroll carried out a detailed analysis of the genesis and evolutionary perspective of the concept of CSR from 1950 onwards. According to him, “The social responsibility of business encompasses within its ambit the crucial aspects of economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” (Archie, B. Carroll, 1979). In 1983, he said, “CSR involves the conduct of a business so that it is economically profitable, legally viable, ethically sound and socially supportive.

Michael Hopkins defines Corporate Social Responsibility as that responsibility which is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. ‘Ethically or responsible’ means treating key stakeholders in a manner deemed acceptable according to international norms. [7]. His book "The Planetary Bargain" shows how corporations can preserve their profitability while treating all stakeholders ethically and responsibly. It suggests a cooperative CSR strategy which creates prosperity for corporations and for the people they serve. [8]
Definitions are, of course, tedious to plough through. Yet the area of CSR (and probably just about every other area of management theory) must have a clear definition so that we know what we are talking about and can then develop and implement clear programmes. Any anarchy leads to confusion and then and many people don’t seem to have even a clue. There is generally no agreed definition of Corporate Social Responsibility.

Fig. 1 below represents the Archie, B. Carroll’s framework pyramid of Corporate Social Responsibility. It is a comprehensive framework for how we should prioritize the use of our resources and behaviour as well as business strategies thereby contributing to the overall betterment of society in reality.

Corporate Social Responsibility has two facets. It encompasses a two-fold obligation. First, the obligation must be voluntarily adopted. Second, the obligation is a broad one, extending from the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighbouring communities.” (Jones, 1980).

A Survey of CSR practices in emerging markets revealed growing adoption rates of ISO 14001 and the Global Reporting Initiative’s Sustainability Reporting Guidelines. (Baskin’s, 2006) Relationships with stakeholders are not static but evolve over time. By the same token, these relationships often go through the chain of demonstration of awareness followed by knowledgeable decisions and backed by admiration and action.

Contemporary Debates

The Candour and enquiry on Corporate Social Responsibility theories of CSR assert that firms engage in the central phenomena of our contemporary existence. That is, companies are assumed to be socially responsible and might include reputation enhancement, the ability to recruit and retain high quality workers during market anomalies.

All in all, since the last decade of the 20th century a great number of manufactures, retailers and service providers all around the globe, have adopted voluntary standards for labour conditions, environmental practices and human rights. Supporters of the classical model thus consider the social responsibility of business firms to be exclusively related to supply and demand chain of consumers (Quazi and O’Brien 2000). The modern paradigm, on the other hand, considers businesses to pursue the important needs at the macro level of society for the common good and greatest mutual advantage with an interface of responsibility to a wide spectrum of stakeholders (Steiner and Steiner 1997). From this perspective, the responsibility of the Corporations extends beyond making profits or that of a
mere cyborg to a wide variety of welfare, health and hygiene measures and the overall well-being of the people within the whole society as defined by Jones. (Jones, 1980). [11]

These theories of Corporate Social Responsibility include the already discussed paradigms in addition to those which have been reworked and synthesised into new models and current frameworks in an effort to find the best way to study, measure, and implement the Corporate Social Responsibility. [12] The Access to Medicine Index strives to provide companies with a transparent means in the area of global access to medicine. [13]

These new concepts and perspectives have been incorporated into Corporate and industry codes, wide spectrum of issues and multi-stakeholders initiatives, frequently with reporting and monitoring requirements. There are two foremost international commands relevant to the adherence of Corporate Social Responsibility. These are ILO Declaration and the OECD Guidelines coupled with a highly recognized CSR initiative, i.e. the United Nations Global Compact (UNGC). [14] Another specialized organisation of the United Nations in 2005, i.e. the World Health Organization established the Commission on Social Determinants of Health to provide evidence-based advice on how to promote health equity. [15]

At the same time, globalization is re-energizing the CSR talk. The reduction of trade barriers has allowed companies to outsource products and services from countries where labor is significantly lower in cost [16] and environmental regulations and principles centered around CSR movement has produced important changes in business practices, including a decrease in greenhouse gas emissions.

Figure 2. Employee CSR Training, Rate by Revenue Group. Source: The Conference Board/Bloomberg, 2013.

The current wave of Corporate Social Responsibility (CSR) is itself of magnificent interest and is experiencing continuum, through periods when the power of Corporations is in the process of rising graph and periods in which society attempts to provide regulatory services for the growth of corporate power (Jenkins, 2005), through a variety of initiatives by adopting newer and reworked CSR Strategies and models.

Figure 3. The GLOSS CSR Cycle. Source: Global Education Magazine. Cited from URL: http://www.globaleducationmagazine.com/
In recent years diffused concepts have emerged adrift and simultaneously *interalia* include ‘Corporate Citizenship’, ‘Corporate Social Responsibility’ ‘Corporate Social Investment’ and ‘Corporate Responsibility’, with little agreement ideologically on definitions and formulations, within the broader ambit of the respective concepts.

The central message of this piece of discussion note is that some of the fascinating challenges to Corporations in the modern thought of Corporate Social Responsibility include emerging issues such as alleviation of poverty, improving good governance, improving education and healthcare, tackling corruption and enforcing labour standards and taking a proper care of environment vis-a-vis health and hygiene. Of course there are certain important indexes to measure. The Ethibel Sustainability Index (ESI) is one of them to measure the performance of sustainable investments of companies. [17]

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<tr>
<th>CSR Area</th>
<th>Examples of CSR Indicators</th>
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<tr>
<td>Marketplace</td>
<td>Number of suppliers participating in the environmental management project</td>
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<tr>
<td>Workplace</td>
<td>Number of trained employees</td>
</tr>
<tr>
<td>Community</td>
<td>Number of community projects being supported</td>
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<tr>
<td>Environment</td>
<td>Number of employees using alternative means of transport for commuting to work</td>
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<td></td>
<td>Total amount spent on support for projects</td>
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<td></td>
<td>Total value of donated resources</td>
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<td></td>
<td>Volume of non-monetary donations (products, services, know-how)</td>
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<tr>
<td></td>
<td>Number of employees using alternative means of transport for commuting to work</td>
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<tr>
<td></td>
<td>Total energy and water consumption</td>
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<td></td>
<td>Amount of waste produced</td>
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<td>Percent of waste that is recycled</td>
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Globalization of economy and the increased scrutiny by firm stakeholders has resulted in the rapid growth of a number of instruments used to measure the performance of the Corporate Social Responsibility according to the European Commission. Some examples of highly socially responsible actions from companies around the world are as follows:

- Whole Foods Market: This nationwide chain specializing in organic foods developed an initiative to use solar energy for 25 percent of its power.
- Royal Dutch Shell: This large oil company has agreed to not engage in mining or oil exploration activities in areas of the world that have special biological or cultural significance.
- Natura Cosmeticos: This Brazilian cosmetics firm promotes and supports local human rights initiatives (e.g., it does not use child labor), it promotes education, and it encourages its employees to volunteer for non-profit organizations in their Community.
- Starbucks Coffee Co.: Starbucks has programs that benefit employees (e.g., retirement plans for even part-time workers), communities (e.g., promoting local charities), and the environment (e.g., developing reusable cups).
- Stonyfield Farms: This dairy company donates 10 percent of net profits to charities that help protect and restore the earth.


**Conclusion**

Corporate Social Responsibility should be taken as a comprehensive set of policies, practices, and programs that are conceptually integrated and actively operated throughout the decision-making processes of the businesses that are supported and rewarded by the Corporations. It must be a commitment to doing what’s best for people
Adopting a step-by-step and optimistic approach and following the principles of Corporate Social Responsibility propounded by the United Nations Global Compact and ISO Standards offers the Corporations and their top organisational management an opportunity to identify dependent and independent variables and enhance symbiotic value addition and address creatively the important issues that the business community and the society faces. Thence, it requires greater focus, work, and long-term commitment and not a quick-fix solution.

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