



Mapping the 'Discourses' on Corporate Social Responsibility

Debabrata Baral

ABSTRACT

The standard way to understand Corporate Social Responsibility is by referring to a definition as outlined by a Corporate Enterprise or by some organizations or Associations. But are there any philosophies that structure or influence these definitions. If yes, then what are those influences? Hence an enquiry to outline the dominant perspective that has shaped the debates on Corporate Social Responsibility is undertaken in this paper. It begins by comprehending the managerial perspective on CSR. It further conceptualizes CSR from the perspective of management studies and other social science disciplines like economics and sociology. This paper argues that the managerial outlook has dominated the debates on Corporate Social Responsibility in various disciplines.

KEYWORDS : Corporate Social Responsibility, Managerial Outlook, Management Studies, Social Sciences

Introduction:

Corporate Social Responsibility (hereafter will be referred as CSR) has been a buzz word. Business Ethics, Corporate Citizenship, Philanthropy etc are some words that have been used to describe CSR at different historical junctures. But what is the guiding principle to understand and define CSR. This article will attempt to outline the dominant position that has shaped the debates around CSR and more importantly, how these positions have percolated to social science disciplines. This paper is divided into three sections. The first section will attempt to provide an outline of the various managerial perspectives regarding CSR. Second it will show how the managerial perspective regarding CSR has primarily dominated the debates around CSR in the management studies. Even disciplines like economics and sociology are slowly getting influenced by the managerial perspective regarding CSR. The section below outlines the managerial perspectives regarding CSR.

CSR: The Managerial Outlook

Within the perspective of corporate managers, there are two views that dominate the debates around CSR. The first camp can be classified to be as Classical Camp and the second as Progressive camp.

Classical Camp:

The first is the classical camp. In this camp the managers have little tolerance for business embracing any kind of social role. They perceive social roles as additional cost which reduces the competitiveness of the Corporate. For them social roles of firm should be exclusively related to supply of goods and services (Quazi & O'Brien 2000; Clemet & Jones 2005; Murray 2005). They believe that a corporation as a legal enterprise has to fulfill two responsibilities, one is to make money for the owners and the other is to abide by the rules as prescribed by law (Greenfield 2004).

Progressive Camp:

The exponents of the second camp are more progressive. They consider business to be embedded within a larger society and having a concomitant responsibility to a wider spectrum of issues in general and stakeholders in particular (Steiner & Steiner 1997). In this perspective the responsibility of business extends beyond making profits to include protecting and improving society's welfare or welfare of specific constituent groups within the society, in protecting environment and philanthropic giving (Jackson & Nelson 2004; Rudolph 2005). From this perspective business is treated like ordinary persons or citizens, and they are expected to take responsibility and conform to the principles of morality, accountability and integrity. The managers generally argue that the state often fails in dealing with social issues, social conflicts and multiple needs of the society. They revisited the classic division of labour between the state and economy, in which the state looks after the welfare needs and the corporation's look at fulfilling its economic end i.e. profit.

For example, managers like J.R.D.Tata have said that Tata industrial ethos was inherited from the great Jamsetji Tata who had tried to combine high standards of quality production with sincere concern for ethical values such as fair and honest management, product qual-

ity, human relationship in industry and industrial philanthropy. Even Care India, Bharti- BT and CISCO during the Gujarat earthquake set up a free phone. It provided the most immediate emotional relief for people anxious for news of their families and even access to medical assistance and advice. Some managers also look at CSR as an ethical practice. Although Ethics is derived from the Greek word "ethikos" meaning custom or character, business ethics essentially deal with understanding what is right and morally good in business. Business should act ethically in order to protect their own interest and the interest of the business community, keep their commitment to society to act ethically, meet stakeholder expectations prevent harm to the general public, build trust with key stakeholder groups, protect themselves from abuse from unethical employees and competitors, protect their own reputations, protect their own employees and create an environment in which workers can act in ways consistent with their values

Not surprisingly similar perspectives or reflections of managerial class can be seen in management studies. A brief outline of the perspectives regarding CSR is outlined below.

CSR and Management Studies:

In the management studies the debate around CSR is centered around four dominant positions. The first argues that CSR is not a primary objective or goal of the corporate enterprise. The second position states that CSR is not a voluntary act of the corporate enterprise. The third position argues that CSR is a necessary but not a sufficient step to mobilize the shareholders and the employees. The fourth position argues that CSR is a profit motivated behavior. These positions are elaborated below.

CSR is not a Primary Objective

A group of academicians like Frank Tuzzolino and Berry (1981) view CSR as neither a primary objective nor goal of a corporate enterprise. Borrowing the idea of need Hierarchy from Maslow, they made an analogy between the needs of an individual and the needs of a corporate enterprise. They classified five kinds of needs like Physiological, Safety, Affiliation, Status or Esteem and Self. These needs are discussed according to their hierarchical importance. The most important need is the Physiological one. For humans this need is achieved by fulfilling the fundamental criteria of surviving like hunger and thirst. While a Corporate Enterprise fulfills this need by achieving profit which is primary for its survival. The second is the Safety needs. For individuals it means having concern and caring for their physical survival. But for the corporate this need is fulfilled by diversifying into conglomerate or going for vertical and horizontal integration of suppliers of its raw materials. The third is the Affiliation needs. An individual can achieve this need by getting it accepted by members of their family or group. While for a corporate sector this need is fulfilled by establishing a positive relationship with other groups which may be suppliers, workers, customers etc, either through bargaining, cooptation, coalition. The fourth need is Status and Esteem. For individuals it means trying to achieve a high standing relative to others. While for the market it is share, patent position, price leadership, corporate image which are required by the Corporate Enterprise for status and es-

teem need fulfillment. The fifth need is Self-Actualization. For humans it is desire to know understand, systematize, organize and construct a system of values. While for a Corporate Enterprise it means a need to serve some higher cause, a desire to see ones work related to all encompassing goals. Thus CSR comes in the fifth need fulfillment. It lies at the bottom of the need hierarchy.

In the same line Carroll describes CSR as a voluntary managerial duty. CSR is neither prohibited nor demanded from the companies because they are primarily oriented towards other responsibilities primarily economic i.e. production of goods and services, legal which means working according to the guidelines of law and ethical responsibilities. So CSR is ranked at the bottom of their importance, while economic, legal and ethical responsibilities are of high importance for the Corporate Enterprise.

CSR as not a Voluntary Act

In 1976 Gordon Fitch argues that, CSR is not as a voluntary mechanism adopted by the Corporate Enterprise. Although they acknowledge that corporations are perhaps the most efficient problem solving organizations in a capitalist society. And corporations can achieve social responsibility if they identify and solve those social problems in which they are involved. Moreover if corporations are permitted by the society to survive then it is more likely that they will take the additional burden of applying their problem solving capacities to the broader social problems of society in which they exist. If they do accept it voluntarily then it may be forced upon them by government regulation. Although the organization principles within the corporations view that they are only responsible in solving the problems created directly or indirectly by them. This principle focuses on the economic limitation of the corporation and since many times CSR is enforced and defined through public policy, so an emphasis of social control over the Corporate Enterprise is visible.

A third group of academicians like Woods etc are skeptical of CSR as it is optional for a Corporate Enterprise to solve some social problems which lay beyond its boundaries. Secondly, by linking corporate conduct with public policy it emphasized social control thus the notion of responsibility, ethics and voluntarism as advocated by the Corporate Enterprise could not hold its ground. Thirdly, there is no road map or any documented outline about how a Corporate Enterprise's duty towards society can be incorporated into the managerial decision-making, so that a concrete mechanism to solve the social problem is not present.

CSR is a necessary but not a sufficient step to mobilize employees and shareholders.

Scholars like Simon Webley and Andrea Werrer (2008) appreciate the Corporate Enterprise that has a code of conduct for employees. They view this code as a necessary but not a sufficient condition to affect the behaviour and attitudes of the employees. Through examination of certain Corporate Enterprise they viewed that there exists a certain difference between a Corporate Enterprise business principles and its actual practice, e.g. Enron had a specific code of ethics but many-times Enron deviated from this code which was detrimental towards employees and shareholders. Another Corporate Enterprise Shell had also a general business principle but was omitted by its Nigeria subsidiaries. So there exists a lapse between CSR principles and its actual practice. They suggested failure to incorporate core ethical values in the corporate enterprise affecting decision making at all levels throughout the organization. So in order to have high standards of corporate behaviour the organization should develop and implement formal ethical program and also a need to nurture an ethical culture in continuing basis.

CSR as a Profit Motivated Behaviour

In 1982, Louis Fry, Gerald Keim and Reger Meinens questioned the corporate giving or the CSR model of the company. They viewed that till the 1950's corporate giving was limited to donation that could be justified on the account that they were closely related with the stockholders interests. But in 1954 New Jersey Supreme Court enabled the Corporate Enterprise to make charitable contribution if it may or may not have any strict relation to the shareholders interests. Thus according to them the corporate giving can be seen in two lights, first as a profit motivated behaviour and secondly, as a social responsibility ideology. The social responsibility ideology was propagated by Berle

and Means. They stressed the importance of the structural change in the Corporate Enterprise from being a single owner to a separation of power between owner and managers. Thus this power helped in giving an opportunity to managers to serve broad public interests. Their view was that making decision in business was a mixture of altruism, self-interests and good citizenship. They believed managers take action in favour of social interests even though the profit for long run is remote. But Fry, Keim and Meinens suggested that indeed there were some amount of corporate giving but it was profit motivated behaviour, they analysed the advertisements of the socially responsible behaviour in the mass media to get more into the public eye, in order to gain some esteem or leverage than their competitors.

Not surprisingly these opinions have also percolated within some discipline of Social Sciences. Few dominant perspectives are outlined below.

CSR in Social Sciences

This section will attempt to outline the dominant debates which are focused around CSR in economics and sociology discipline.

CSR in Economics

Regarding CSR there are two dominant perspectives within the discipline of economics. The first viewpoint is advocated by a sector within the capitalist class. Proponents of this view suggest that the primary objective or goal of corporations is to achieve profit and economic aggrandizement. In this context CSR is seen as a burden on the competitiveness of the company (Friedman 1970). Their argument would be that a business can be socially responsible simply if it performs its economic function effectively i.e. by providing goods and services to the society. They also argue that social functions which CSR seeks to do should be undertaken by some other agency of society like the government. They contrast the nebulous concepts of sustainable development, fair trade and environmentalism with the science of economics in which the invisible hand of the market ensures that what is good for business is good for society. In this light one may refer to some economic thinkers who continue to influence contemporary debates. Like Adam Smith who argues that although it is the market system that drives the corporations to social welfare measures or initiatives, the achieving of private gains or profit remains the ultimate end. Likewise Milton Friedman does not give much credit to the concept of CSR. He argues that the social responsibility doctrine is fundamentally a subversive doctrine, in a free society. According to him business has one and only one social responsibility i.e. to use its resource and engage in profit oriented activities through open and fair competition without deception or fraud. In a corporate enterprise the managers are the agents of the corporate owners and their primary responsibility is for them. The desires of stockholders are to gain maximum profit by following the basic required rule. Thus Friedman's argument assumes that the stockholder is an economic man interested in maximum short run profit with minimum deference to legal and ethical reasons. A recent report by David Henderson also supports the preceding view when he argued that companies will best discharge the responsibility as a guide, subject always to acting within the law and that they should not go out of their way to define and promote wider self chosen objectives.

However some other economists criticized this highly instrumental view. According to them government cannot and need not be the only agency to promote welfare of the masses or public at large. The corporate sector can play an important role. Some advocates of this perspective like, Prof Paul Samuelson for instance, argue that the spirit of social responsibility is an inherent feature of modern business. His view was based on the argument that business organizations or corporates are part of society and serving the interest of the society should be of primary importance rather than working for narrow economic gains such as making profit. Indeed this is so since corporate depends on society for a large number of facilities like developed infrastructures, peace and tranquility in the work place and a trained workforce. They also depend on society for maintenance of law and order without which they cannot carry out their productive or distributive activities. Further they also want the mass media for reaching out to their customers. So if a business draws so much from society, it has also to make its own contribution to the welfare of the society. So it is like a debt which it can repay by payment of taxes in full and on time, observe the laws of the land for ensuring a clean and healthy

environment, standards of product safety and also help in energy and resource conservation.

Even in the discipline of sociology the conceptions about CSR is not so starkly different. The perspectives on conceptualizing CSR in sociology are outlined below.

CSR in Sociology

Some Sociologists view the Corporate Enterprise as a socio-economic institution. As an economic institution it has to perform all tasks involved in the development and delivery of desirable goods and services from production to consumption. As a social institution it is responsible to deliver a standard of living and maximize life quality. Life quality does not only mean quality and quantity of consumer goods and services, but also enriched quality of life in society and the environment. The quality of life has two components one is standard of life and other is standard of living. Standard of living is the material growth of the individual. It is based on the monetary income and purchasing power that an individual has in the market. It basically deals with the financial status of the individual in the world. Standard of life is the indicator of quality of life which means the growth of mind and soul. A person having higher standard of life is wholesome, harmonious, healthy and happy individual, although he/she may or may not be a rich or wealthy person. Hence material happiness is not the only purpose of human life. So all products must aim in improving the quality of life. Quality of life is defined in terms of the social goals which are symbolic of freedom, people living in harmony with inner spirit, their fellowmen and nature's physical environment (Sherlekar 1934). From this perspective CSR is an instrument to improve the quality of life. This social entity vision views the corporation as a social institution and the usefulness or standard of the corporation is not indicated by the amount of wealth the individual creates but by promoting welfare of the society and honoring individual dignity.

Gupta argues that CSR can be achieved by achieving business interests and this consequently can be done by incorporating CSR

into business ethics. Ethics is practiced by the corporation because a strong ethical practice will possess a strong public image or trust among the public, suppliers, and employees, which may become the cornerstone for the success, and also may help in building positive image for the organization. For example in 1977 when the minister for industries in Janata government attempted to nationalize TISCO there was a hue and cry against such a move by employees and the general public as TISCO was having a good public image. So there was resistance from the people.

Conclusion:

It can be argued that the literature regarding CSR is influenced by the managerial perspective which treats CSR to be either an additional cost or as an act of being 'social' 'responsible'. Interestingly the debates on CSR never discussed about institutionalizing it. CSR does not exist in the organizational primary goal or objective of the corporate enterprise. As a result of this CSR operates in an ad-hoc fashion. But if the Corporate Enterprise really wants to be termed socially responsible, then it should make it a policy to 'Institutionalize' CSR. It should be a 'primary' organizational objective.

REFERENCES

- [Clement-Jones, T. (2005), 'Bottom Line Issue or Public Relations Exercise?' (5-13) in J. Hancock (ed.), Investing in Corporate Social Responsibility: A Guide to Best Practice, Business Planning and the UK's Leading Companies, London: Kogan Page | Fitch, H. Gordon, (1976) Achieving Corporate Social Responsibility. In Academy of Management Review: Vol.1 Issue 1 (Jan) pp.38 | Friedman Milton. (1970). 'The social responsibility of business is to increase its profit', The New York Times Magazine, September 13. | Fry, L., Keim, G. and Meiners, R. (1982). Corporate Contributions: Altruistic or For-Profit?. Academy of Management Journal, 25(1), pp.94-106. | Greenfield, W.M. (2004) In the Name of Corporate Social Responsibility. Business Horizonx Vol.1 pp.19-28 | Gupta, Dipankar (2005). 'Corporate Responsibility'. In Basic.V and Prasad Ajit (ed) "Corporate Social Responsibility, Concepts and Cases. The Indian Experience, New Delhi: Excel Books, pp 21-27 | Jackson, I. and J.Nelson. (2004). 'values-Driven performances: Seven strategies for delivering profits with principles', in Ivey Business Journal 69(2). 1-8 | Murray, A. (2005). 'The economy, business: will social responsibility harm business?' in The Wall Street Journal, May 18 | Quazi, A. and D.O'Brien. (2000). 'An analytical test of a cross-national model of corporate social responsibility', Journal of Business Ethics, 25, pp33-51 | Rudolph, P. (2005), 'Letters to the Editor: An Adam Smith Look at Green Regulations', The Wall Street Journal, June 6 | S.A. Sherlekar, (1934) – Marketing Management, Himalaya Publishing House, Bombay | Steiner, G. and J. Steiner: (1997). Business, Government and Society – A Managerial Perspective, New York: McGraw Hill | Tuzzolino, Frank and Amandi, Berry. R. (1981). 'A Need Hierarchy framework for assessing Corporate Social Responsibility', The Academy of management review, vol.6, No. 1, p.p.21-28. | Webley, Simon and Werner, Andrea, (2008). Corporate Codes of Ethics; Necessary But not Sufficient Business Ethics: A European Review, Vol.17, issue 4 (October), pp 405-4014 |