



Corporate Social Responsibility: Issues and Strategies

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ABSTRACT

Changes in the understanding between business and society have led to increased interest in and discussion of the notion of corporate social responsibility. In recent times, the issue of corporate social responsibility (CSR) has been given a lot of attention to Indo-Oceanic Rim as the concept has been discussed extensively during the past century by the economists, psychologists, sociologists and industry experts. Although it is possible to see footprints of CSR thought throughout the world (mostly in developed countries), formal writings have been most evident in the United States, whereas a large body of literature has accumulated. With this in mind, the views of entrepreneurial strategies of CSR's evolution will focus on this body of literature. At the same time, however, it must be acknowledged that related notions may have developed both in theory and practice in other countries and at different times. This paper provides an overview of the contemporary discussions on the organisation's ethical strategies, manager's involvement in social actions programmes and policies and monitoring social responsibility issues and strategies in Indo-Oceanic Rim right from East Africa, Saudi Arabia, and India to several ASEAN country corporate managers with that of France, Germany, United Kingdom and Japan.

The views of different managers of two major blocks of the globe are compared and upcoming strategies for the new era will be discussed.

Keywords : CSR, Indo-Oceanic Rim, Content Analysis, ASEAN, Kyoto protocol

INTRODUCTION

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business). The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. Corporate social responsibility (CSR) has been described as a 'motherhood issue' (Ryan 2002, p. 302) 'the hot business issue of the noughties' (Blyth 2005, p. 30) and 'the talk of the town in corporate circles these days' (Mees & Bonham 2004). The World Business Council for Sustainable Development in its January 2000 publication 'Making Good Business Sense' by Richard Holme and Phil Watts, used the following definition for CSR, "[It] 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."

Historically speaking the notion of CSR has been associated with corporate philanthropy. Well known British and American entrepreneurs realised the need for getting involved with the community and contributing to its welfare by building schools and hospitals and making donations. According to the traditional concept of business, a firm exists to produce quality goods and services, earn a reasonable profit and provide jobs. In line with this concept, the economic model of social responsibility holds that society will benefit more when business is left alone to produce and market profitable products that society needs. To the manager who adopts this traditional attitude, social responsibility is someone else's job. After all,

stockholders invest in a corporation to earn a return on their investment, not because the firm is socially responsible and the firm is legally obligated to act in the economic interest of its stockholders.

In contrast, some managers believe they have the responsibility not only to stockholders, but also to customers, employees, suppliers, and the general public. This broader view is referred to as the socioeconomic model of social responsibility. It places emphasis not only on profits but also on the impact of business decisions on society. Recently, increasing numbers of managers and firms have adopted the socioeconomic model and they have done so for at least three reasons.

First, a business is dominated by the corporate form of ownership and the corporation is a creation of society. Second, many firms are beginning to take pride in their social responsibility records. Third, many business people believe it is in their best interest to take the initiative in this area, prior to their competitors.

During the late eighties and early nineties public opinion, social movements and activities by non-governmental organizations (NGO's) led businesses to develop a more 'sophisticated' approach to CSR, known as 'enlightened self-interest'.

LITERATURE REVIEW

There was a plethora of information readily available on the topic of CSR and business ethics across the globe. Finding comparable information in Europe with Asiatic regions took a more thorough search. A careful review of the latest industry publications, Non-governmental Organization reports, academic journals, and leading periodicals is used to provide

theory, track the history of regulations, and stay up to date on reactions to recent corporate scandals. Over the past few years, businesses and academic researchers alike have displayed increased levels of enthusiasm for corporate social responsibility (CSR). In particular, recent research suggests that CSR may be an excellent instrument to enhance the legitimacy of the firm among its stakeholders (e.g., Handelman and Arnold, 1999) and to develop positive social responsibility images (e.g., Brown and Dacin, 1997; Sen and Bhattacharya, 2001).

Accordingly, some studies have started to investigate how businesses use communications to highlight their commitment to CSR (e.g., Esrock and Leichty, 1998; Hooghiemstra, 2000). To date, the view of CSR as an instrument to legitimize and market the firm has been investigated. As a result, little is known about the desirability and content of CSR images in other nations. Against this backdrop, the present study examines how businesses in developing countries and developed nations communicate about CSR in their organisational culture.

APPLICATION OF CONTENT ANALYSIS ON SOCIAL RESPONSIBILITY

Methodology Adopted

The aim of this study is to examine the social responsibility perceptions and strategies in a global scenario. To achieve this aim the content of the official web sites of several nations and global firms is analysed.

Content analysis was chosen as the research technique of this study because it is a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use. These inferences are about the message itself and the sender(s) or the audience of the message. The rules of this inferential process vary with the theoretical and substantive interests of the investigator. As a research technique it provides new insights, increases the understanding of the researcher about particular phenomena, or informs of practical actions. All these reasons facilitate the use of content analysis and also point out the fact that no other research technique would be appropriate for achieving the aim of this study.

In this study the social responsibility projects of both Indo-Oceanic Rim and developed nations are examined.

Corporate Social Responsibility in Indo-Oceanic Rim

The Indian Ocean Rim defines a distinctive area in international politics consisting of coastal states bordering the Indian Ocean. It is a region of much diversity, in culture, race, religion, economic development, and strategic interests. The countries vary in the size of their populations, economies, trade, and technological development and in the composition of their GDP. A number of sub-regions are evident, for example Indian Region, Eastern Africa and Southeast Asia.

(a) Corporate Social Responsibility in India

CSR is not new to India, blue chips companies like TATA and BIRLA have been imbibing the case for social good in their operations for decades long before CSR become a popular cause. In spite of having such life size successful examples, CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. It is followed by a handful of public companies as dictated by the very basis of their existence, and by a few private companies, with international shareholding as this is the practice followed by them in their respective foreign country. Thus the situation is far from perfect as the emphasis is not on social good but rather on a policy that needs to be implemented.

A lack of understanding, inadequately trained personnel, non availability of authentic data and specific information on the kinds of CSR activities, coverage, policy etc. further adds to the reach and effectiveness of CSR programmes. But the sit-

uation is changing. And CSR is coming out of the purview of 'doing social good' and is fast becoming a 'business necessity'. The 'business case' for CSR is gaining ground and corporate houses are realising that 'what is good for workers - their community, health, and environment is also good for the business'.

(b) Corporate Social Responsibility in Egypt

The motivation for CSR in Egypt differs from that of companies operating internationally. CSR is strongly influenced by Egypt's religious beliefs. For more than a millennium, the country has been predominantly Islamic. However, there is also a Coptic Christian minority, which account for as much as 8–9% of the total population. As such, Egypt has a powerful culture of giving, practiced in both its Islamic contribution of zakat and the Christian tradition of ushur (tithing). Loyalty and solidarity still remain paramount values and often override most other societal rules. The money is often utilized to provide the poor with food and clothing, as well as enabling educational or health services. CSR in Egypt is still regarded as a non-institutionalized phenomenon and is understood mainly as a philanthropic concept. Egyptian companies operate in an environment where CSR compliance is mostly voluntary and many lack the necessary consistency and seriousness of purpose in their social responsibilities. In Egypt there are the usual PR and marketing campaigns rather than well-conceived programs aimed at ongoing societal development and sustainable economic improvement.

In addition, with the increasing wave of globalization and the influence of growing westernization, a dramatic shift in society's value system took place.

(c) CSR Waves in Nigeria

Nigeria is a very theistic country. The belief in the supernatural or some spiritual realities is central to the weltanschauung of an average Nigerian (Adi, 2006). It can be argued, therefore, that

since gifts and sacrifices are core to religion, the same beliefs could have easily found an outlet/expression in the Nigerians' understanding and practice of business-society relations. However, one would have expected this religious inclination to influence the attitude of Nigerian businesses to bribery and corruption – the domain of ethical responsibilities. One way of accounting for this could be that the firm as a mode of production is a borrowed practice and therefore alien to most African countries. As such most of these countries make less demands on firms in terms of economic responsibility, legal and ethical responsibilities, especially as these responsibilities are enforced through market and regulatory forces, which unfortunately are weak in most African countries, including Nigeria. This could also account for the lack of emphasis on the other waves of CSR (i.e. socially responsible products and processes and socially responsible employee relations), which are prevalent in western economies with strong markets and regulatory mechanism.

(d) CSR in ASEAN Countries

In Indonesia, state of CSR is still in early stages but development indicates encouraging signs.

Concept of social responsibility imbedded in Indonesian culture (gotong royong).

Promotion of CSR has been marked with initiatives in both government and private sectors.

Most companies in "compliance stage" where they adopt policy-based compliance as a cost of doing business. Some have reached the "managerial stage" where they embed societal issues in their core management process. A few in "strategic stage" where companies integrate societal issues in their core business strategies.

In Philippines, the birth of CSR concept and its initial prac-

tice can be traced back after Second World War. Market forces have been the major drivers of CSR behavior. Persistent social problems are the main challenges to sustaining commitment to and making resources available for CSR. Most CSR efforts are philanthropic in nature with education and health being the main recipients. Growing internal expressions of CSR linked to operations of the organization with companies promoting employee involvement. Leaders who play significant role in CSR are the principal agents for the CSR promotion strategy.

Development of CSR in Singapore is influenced by country's unique characteristics as the country has achieved economic success where government remains a key architect of the economy and has considerable influence over corporate behavior.

Government-centric approach influences CSR strategies with much emphasis on compliance with legislative requirements as a means of achieving and regulating socially responsible behavior.

The practices of CSR in Thailand is at its early stages of development substantially influenced by religious beliefs and traditional norms of ethical practice. Full integration of CSR into business management at the strategic level is not yet widely evident reflecting insufficient commitment by top management and the general perception that CSR is primarily business philanthropy. Engagement with NGOs deals with sound environmental practices and social development while engagement with government emphasizes compliance with environmental, health, labor and safety standards.

The CSR challenges in Vietnam includes narrow perception of CSR by many leaders, threat of economic downturn, and negative perceptions that of CSR standards as a form of trade barrier.

CSR activities are regulated and supervised by the government and corporate social policies observe state regulations as outlined in the companies' annual plans.

CSR thrust includes meeting requirements of import partners, avoiding conflicts with local labor and to some extent philanthropy. Enterprises and government are the main players for promoting CSR where enterprises determine the success of CSR and government promulgates policies and supervises implementation. The main challenge is to raise the level of awareness of CSR since consumers have limited appreciation of CSR and do not relate it with social concerns.

Social Responsibility Practices in Developed Nations

CSR in France

The studies reveal that the overall picture in France is one of moderate development of CSR due to the presence of a system of state regulations and agreements governing labour relations. There is, however, evidence of initiatives going beyond legal requirements in some areas. Issues of social responsibility at the four enterprises examined relate mainly to the restructuring and subcontracting activities that resulted in company redundancies following a period of economic crisis.

CSR in Germany

In Germany the studies describe the good practices in operation in each company and also analyse the interplay of the actors involved in planning, implementing and evaluating the practices concerned. All four case studies reveal that CSR in Germany goes hand in hand with the national economic and social framework and is considered a fundamental part of their highly regulated and institutionalized industrial relations system.

CSR in the United Kingdom

In the United Kingdom (UK) the two case studies cover enterprises in the iron and steel (Corus) and marketing (Tesco)

sectors. The case studies reveal that the overall picture in the UK is one of restricted development of CSR to date, but there are signs of recent activity in this area.

Good practice examples at Tesco, a major food retailer, came about as a result of a partnership agreement with the trade union in 1998, which in turn led to the creation of health and safety measures, employment initiatives for unemployed local people and, most significantly, a workplace forum for the discussion of store issues of concern to staff.

Issues of social responsibility at the steel manufacturing company Corus are mainly concerned with the environment (relating to the decommissioning of Corus sites affected by restructuring), educational projects, such as producing curriculum support materials in schools, and the health and safety of its workforce.

CSR in Japanese Society

The year 2003 is generally regarded as the first official year of CSR in Japan. However, issues and strategies of social responsibility and corporate ethics have attracted attention in Japan at least since the economic boom during the last three decades. The Corporate Behavior Charter in 1991 focuses on compliance and promoting good corporate behaviour. Japan also played host to the international meeting on the environment leading to the historic Kyoto Protocol in 1997. The event attracted a lot of media interest in Japan, which helped environmental issues become a more mainstream concern of corporations. Parallel to this, Japanese corporations have experienced CSR-related issues through their globalised operations in Europe and USA. Human rights is one such global concern, but also new pressures and sense of focus have come from the announcement of the UN Global Compact in 1999 and European Commission Green Paper on Promoting a European Framework for CSR in 2001.

Several years on from the so-called first year of CSR in Japan, in 2003, many large corporations have established special units which especially deal with the promotion of CSR related activities, including compliance, correspondence for the SRI index survey, CSR reporting and so forth. A study conducted in 2006 (elements of which, see: Fukukawa and Teramoto, 2009), for which interviews were conducted with 22 CSR managers from 13 multinational companies; reveals compliance and environmental commitment remain firmly on the CSR agenda. Signals coming from notable economic associations such as Nippon Keidanren and Do-yukai (Japan association of Corporate Executives) have also been very strong in driving and shaping CSR practices by Japanese corporations. The acronym 'CSR' (without Japanese translation) has become normalized among Japanese business people and is popularly used in the media. The interviewed managers also recognized the importance of engagement in CSR activities, having seen competitors' being proactive in establishing CSR departments, policies and means of information disclosure.

The 2006 study also revealed how Japanese CSR managers understand the term 'CSR' as something similar to values reflected by corporate creeds or principles which already exist within organizations. 'CSR' can be taken, then, as a new means to reorganize and restructure what a company has been doing, as well as highlight what might be missing. Confidence can be seen to have grown with the fact that Japanese corporations are proactively engaging in environmental issues, helped by more visible targets. On the other hand, managers also identified 'what might be missing'. As mentioned above, Japanese corporations have come across new CSR agenda items through their global operations. A number of the managers interviewed felt an urgency to tackle and incorporate matters related to human rights and supply chain management as they relate to an increasingly global context. Managers are confident, for example, about the management of first suppliers, but raised more critical questions about determining the extent of their responsibility in relation to a mul-

ti-tired supply chain.

Concluding Thoughts and Recommendations

Though Developed Societies may offer bountiful consumer and labor protections, and lead in many social and environmental performance measures, it also maintains a powerful tradition in which capital is controlled by a tight matrix of government institutions, state-run banks, and large corporations. The study reports similarities between the attitudes as perceived by the entrepreneurs of Indo-Oceanic Rim compared to those perceived by Developed nations. Both regions accepts in general the relevance of social responsibility in industry and they tend to agree that business has responsibilities not only to the shareholders and employees but it also has responsibilities to consumers, suppliers, to the society within which it is operating and to the state as well.

Most of the managers are of view point that Asiatic as well as Developed nations accepts that CSR it is very essential for firms so as to pursue social goals as well as profits.

The study clearly indicates that the attitudes of Asiatic entrepreneurs are similar to those of European entrepreneurs on the use of legislation and codes of practice for implementing

social responsibility. Most oppose more legislation and the use of codes of practice for promoting standards of social responsibility.

Significant similarities were also noted in respect of specific policy statements on social responsibility, organisational changes to implement social responsibility and providing specific budget for corporate responsibility work.

The cost of social responsibility is seen as high. The comparisons indicate that contingent factors such as size of company have more bearing upon corporate response to social responsibility even in culturally distinctive societies. This study gives limited support to a contingency perspective of corporate social responsibility across different societies.

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