PART- I

CHAPTER: 1. INTRODUCTION

CHAPTER: 2. REVIEW OF LITERATURE

CHAPTER: 3. CONCEPTUAL FRAMEWORK AND STRATEGY OF INQUIRY

CHAPTER - 1 | Page No.

CHAPTER - 1
INTRODUCTION

"We know only too well that what we are doing is nothing more than a drop in the ocean. But if the drop were not there, the ocean would be missing something".

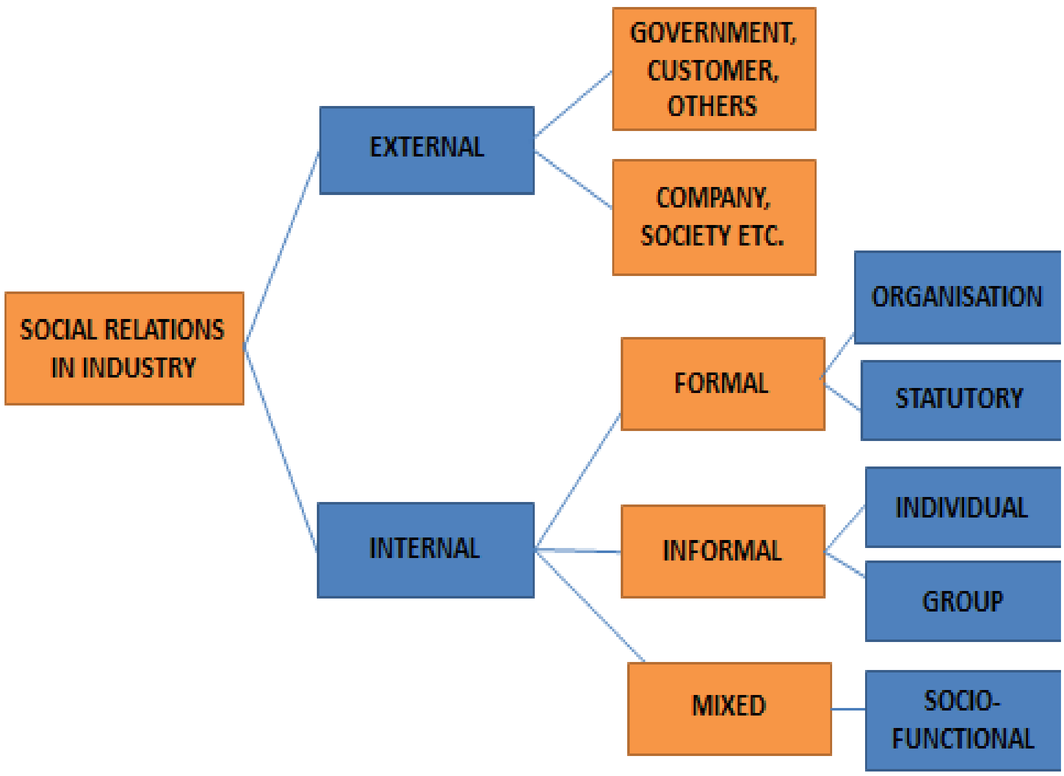
- Mother Teresa

The sociology of work goes back to the classical sociological theorists. Karl Marx, Emile Durkheim, and Max Weber all considered the analysis of modern work to be central to the field of sociology. Marx was the first social theorist to really examine the conditions of work in factories that were popping up during the industrial revolution, looking at how the transition from independent craftwork to working for a boss in a factory resulted in alienation and deskilling. Durkheim, on the other hand, was concerned with how societies achieved stability through norms, customs, and traditions as work and industry changed during the industrial revolution. Weber focused on the development of new types of authority that emerged in modern bureaucratic organizations.

The study of work, industry, and economic institutions is a major part of sociology because the economy influences all other parts of society and therefore social reproduction in general. It doesn't matter if we are talking about a hunter-gatherer society, pastoral society, agricultural society, or industrial society; all are centered on an economic system that affects all parts of society, not just personal identities and daily activities. Work is closely intertwined with social structures, social processes, and especially social inequality. At the macro level of analysis, sociologists are interested in studying things such as occupational structure, global economies, and how changes in technology lead to changes in demographics. At the micro level of analysis, sociologists look at topics such as the demands that the workplace and occupations place on workers' sense of self and identity, and the influence of work on families. No matter what society one lives in, all human beings depend on systems of production to survive. For people in all societies, productive activity, or work, makes up the largest part of their lives: it takes up more time than any other single type of behavior (1, A. 2013).

The process of globalization and the need for CSR is now changing the way in present economy and nations at large. As a result, the roles, relationships, demands and expectations of various stakeholders have changed. With the private sector becoming the primary driver of economies, they are beginning to hold great power to influence social development. At the same time, increased awareness and pressure from consumer groups is making demands on the corporate sector to commit to socially and ethically responsible business practices.

INDUSTRIAL RELATIONS



Source: Industrial Sociology, UB

Business cannot run without society or we can say no business exists in isolation. Society and its people are always directly or indirectly related to production and economy of the nation and world at large. Companies sell products and services to the consumers who are citizens of society or country and even workforce are also part of the community. Corporate Social Responsibility involves a commitment by a company to manage its various roles in society, as producer, employer, customer and citizen in a responsible manner. How a company meets its corporate responsibility goals is influenced by its history, vision of the founder, culture, experience, philosophy and business laws and regulations.

1.1 THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

We all have a personal responsibility to each other and to the world around us. Everything we do has an effect on other people. It is also the same for businesses, large or small; public or private, or MNC. Their actions affect a large number of stakeholders. Such stakeholders include customers, shareholders, employees, suppliers and society in general. With growing scrutiny of business operations, organizations are increasingly being driven to satisfy the expectations of opinion formers, governments, customers, and communities in order to thrive (Thornton, 2008).

The relationships between business and society have been studied for decades influenced by the prevailing economic paradigm at a specific point in time (Moir, 2001). If the idea that business has duties towards society, and more specifically towards identified constituents (i.e., the stakeholders), is widely acknowledged, it is only since the 1950s and 1960s that society's expectations have dramatically changed and increased broadly (Carroll, 1999; Lantos, 2001).

Although the debate on CSR and the relationships between business and society and the implied responsibilities has been continuing till this present time, there is still no consensus on a commonly accepted definition of CSR (Carroll, 1991; Jones, 1995; 1999; McWilliams and Siegel, 2001). This may be due to the fact that people within and outside the field, less bother on the issue of literary translation, employ, promote and defend different interpretations that have emerged over the past decades. These range from Corporate Social Responsibility to Sustainable Development, from Business Ethics to Corporate Social Contract, from Corporate Accountability to Business in Society and from Corporate Citizenship to Corporate Governance. This variety of themes in itself is interesting and demonstrates the richness of the concept itself as well as the criticality of research (Carroll, 1999; Ougaard and Nielsen, 2002). Yet, this research area still lacks a 'common ground' which is accepted by the majority and a necessary development to assert legitimacy, credibility and value of research on the social and environmental responsibilities of business towards society (Angelidis and Ibrahim, 1993; Lantos, 2001; Ougaard and Nielsen, 2002).

Therefore, the concepts express society's expectations as to the role and responsibilities of business, but none of them can actually be labeled as 'the' definition of CSR (ORSE, 2004). The concept of CSR by itself is also often put in relation to other concepts such as Corporate Social Responsiveness or Corporate (Social) Performance by academics. On the other hand CSR and/or Sustainable Development are considered central issues by business organizations and civil society's representatives, with the value of partnerships, i.e. stakeholders' involvement (Lépissier, 2001).

The essence of Corporate Social Responsibility is not about the talk or the plans, but the continuous improvements generated through corporate actions, where Corporate Social Responsibility is defined as actions and activities that improve and/or protect social welfare on a local or global level; and where Corporate Social Performance is the 'measurement' of the organizations overall performance in improving and protecting social welfare compared to their leading competitors in the industry, measured over a period of time (Luo and Bhattacharya, 2009).

Luo and Bhattacharya (2009) explained the difference between Corporate Social Responsibility and Corporate Social Performance, where "Corporate Social Responsibility initiatives are related to but different from Corporate Social Performance in several aspects: First, the former refers to firms' programs and investments in responsibility and/or sustainability, while the later represents stakeholders' assessment of the overall quality of those programs and investments (McWilliams and Siegel 2000). Second, the former captures the noncumulative, one-time involvement in corporate pro-social behaviors, while the later can be a proxy for a firm's cumulative, historical involvement in these behaviors (Barnett 2007, p. 797). Third, the former is a non-competition based construct, while the latter is relative to the competition in the industry. While firms invest in Corporate Social Responsibility initiatives; Corporate Social Performance, as the measure of firms' aggregated historical social performance relative to competition, is what stakeholders reward the firms for and therefore, what is potentially linked to firm financial performance" (p. 201).

The definition of CSR was discussed in edition of The Wall Street Journal's "Big Issues" forum series where Benjamin W Heineman, a senior vice president for law and public affairs at General Electric Co., described three elements of CSR –

1. Strong, sustained economic performance,
2. Rigorous compliance with financial and legal rules,
3. Ethical and citizenship actions beyond formal requirements, which advance a corporation's reputation and long-term health (The Wall Street Journal, 2005).

"A Guide to Corporate Social Responsibility" has stated that the entirety of CSR can be discerned from the three words contained within its title phrase: 'Corporate', 'Social', and 'Responsibility'.

• Corporate - means organized business;
• Social - means everything dealing with people, the society at large;
• Responsibility - means accountability between the two.

In other definition says "Social Responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization" (ISO 26000, 2008).

The most popularly used CSR definition by 'The World Business Council for Sustainable Development' is "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" (WBCSD, 1998).

CSR is denoted by a number of other names such as corporate responsibility, corporate accountability, corporate ethics, corporate philanthropy, corporate citizenship or stewardship, responsible entrepreneurship or responsible business, and "triple bottom line," to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as "responsible competitiveness" or "corporate sustainability".

1.2 CSR: DEFINITIONS AND OPINIONS OF VARIOUS ORGANIZATIONS

- **CSR Europe (2003):** Corporate Social Responsibility is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organization and operations.

- **Business for Social Responsibility (BSR) (2003)**: CSR is defined as "achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment".

- **International Labour Law (2007):** A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.

- **Organization for Economic Co-Operation and Development (OECD) (2003):** Corporate Responsibility involves the 'fit' businesses develop with the societies in which they operate. The function of business in society is to yield adequate returns to owners of capital by identifying and developing promising investment opportunities and, in the process, to provide jobs and to produce goods and services that consumers want to buy. However, corporate responsibility goes beyond this core function. Businesses are expected to obey the various laws which are applicable to them and often have to respond to societal expectations that are not written down as formal law.

- **ISO 26000 (2011):** The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparency and ethical behavior that: • Contribute to sustainable development, including health and welfare of society, • Takes into account the expectation of stakeholders, • Is in compliance with applicable law and consistent with international norms of behavior, • Is integrated throughout the organization and practices in its relationship.

- **Amnesty International-Business Group (UK) (2002):** Companies have to recognise that their ability to continue to provide goods and services and to create financial wealth will depend on their acceptability to an international society which increasingly regards protection of human rights as a condition of the corporate license to operate.

- **The Corporate Responsibility Coalition (CORE) (2003):** As an 'organ of society', companies have a responsibility to safeguard human rights within their direct sphere of operations as well as within their wider spheres of influence.

- **The European Commission (2011):** CSR is "the responsibility of enterprises for their impacts on society". Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their Corporate Social Responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large identifying, preventing and mitigating their possible adverse impacts.

- **Novethic (2003):** Linked to the application by corporations of the sustainable development principle, the concept of CSR integrates three dimensions: an economic dimension (efficiency, profitability), a social dimension (social responsibility) and an environmental dimension (environmental responsibility). To respect these principles, corporations must pay more attention to all the stakeholders which inform on the expectations of civil society and the business environment.

- **The Canadian Centre for Philanthropy (2010):** CSR is "a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts". This definition therefore provides the link between the decisions tied to the social responsibility and "the business" derived from the respect of the lawyer instruments, the population, the communities, and the environment.

- **Unilever (2003):** We define social responsibility as the impact or interaction we have with society in three distinct areas: (i) voluntary contributions, (ii) impact of (business's direct) operations, and (iii) impact through the value chain.

- **World Bank (2003):** The World Bank defined CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, local community and society at large to improve the quality of life in ways that are both good for business and good for development.

- **Wikipedia (2007)**: CSR is a concept that organizations, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations". It further clarifies that this obligation extends beyond the corporation's statutory obligation to comply with legislation. Therefore, most of what is called the 'license to operate' or legal argument for CSR would not pass the test for CSR.

- **The Institute of Directors-UK (2002)**: CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.

- **Harvard Kennedy School (2008):** Corporate Social Responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

1.3 CSR: DEFINITIONS AND OPINIONS OF VARIOUS INTERNATIONAL SCHOLARS

- **Bowen (1953):** CSR refers to 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.

- **Carroll (1979):** The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.

- **Davis and Blomstrom (1966):** Social responsibility refers to a person's obligation to consider the effects of his decisions and actions on the whole social system.

- **Frederick (1960):** Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.

- **Friedman (1962):** There is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

- **Jones (1980):** Corporate Social Responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.

- **Mallen Baker (2003):** CSR is about how companies manage the business processes to produce an overall positive impact on society.

- **Warren Buffett (2012):** Companies need to throw their full weight behind sustainability strategies and consider the impact of all their actions on the environment. "Taking shortcuts is not the pathway to achieving sustainable competitive advantage, nor is it an avenue toward satisfying customers". **"**It takes 20 years to build a reputation and five minutes to ruin it".

- **Mclntosh et al (1998):** Corporate citizen is concerned with the relationship between companies and society both the local community which surrounds a business and whose members interact with its employees and wider increasingly worldwide community which touches every business through its products, its supply chain, its dealer network, its advertisement and so on.

- **McWilliams and Siegel (2001):** CSR is defined as "Situations where the firm goes beyond compliance and engages in 'actions that appear to further some social good, beyond the interests of the firm and that which is required by law".

- **Michael McComb (2002):** The notion of companies looking beyond profits to their role in society is generally termed Corporate Social Responsibility. It refers to a company linking itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the communities in which they operate. It goes beyond the occasional community service action, however, as CSR is a corporate philosophy that drives strategic decision-making, partner selection, hiring practices and, ultimately, brand development.

1.4 CSR: DEFINITIONS AND OPINIONS OF VARIOUS INDIAN SCHOLARS CORPORATE HONCHOS AND LEADERS

- **Dr. Abdul Kalam, Former President of India (2012):** Sustainable development refers to a mode of human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for the generations to come.

- **Azim Premji, Chairman of Wipro Limited (1998):** Corporate Social Responsibility aims at fundamental social development. In Indian context, it means an attempt to realize the vision of a just, humane and equitable society and when every action, however small, is driven by this larger vision, that is real social action.

- **Anil Agarwal, Vedanta Group, Chairman (2013):** Each of us is doing exactly what we're supposed to do. I am doing the best in my position just as another person is doing the best in his. When we give back to society, we must think about the betterment of society and not about getting brownie points with God. After all, even our mythological epic teaches us to help the society without expecting things in return.

- **Indu Jain, Chairperson, The Times Group (2013):** Corporate Social Responsibility Practices in India sets a realistic agenda of grassroots development through alliances and partnerships with sustainable development approaches. At the heart of solution lies intrinsic coming together of all stakeholders in shaping up a distinct route for an equitable and just social order.

- **J.R.D. Tata, Founder of Tata Group (2012):** The wealth gathered by Jamsetji Tata and his sons. The whole of that wealth is held in trust for the people and used exclusively for their benefit. The cycle is thus complete; what came from the people has gone back to the people many times over.

- **Ratan J. Tata, Chairman, Tata Group (2012):** The developing world has two options. The first is to sit back and react only when the problems arise. The second is to act as conscious citizens and rise above our vested interests for the sake of future generations, so that history does not record that we deprived them of their livelihood.

- **Narayana Murthy, Infosys Founder (2012)**: Social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.

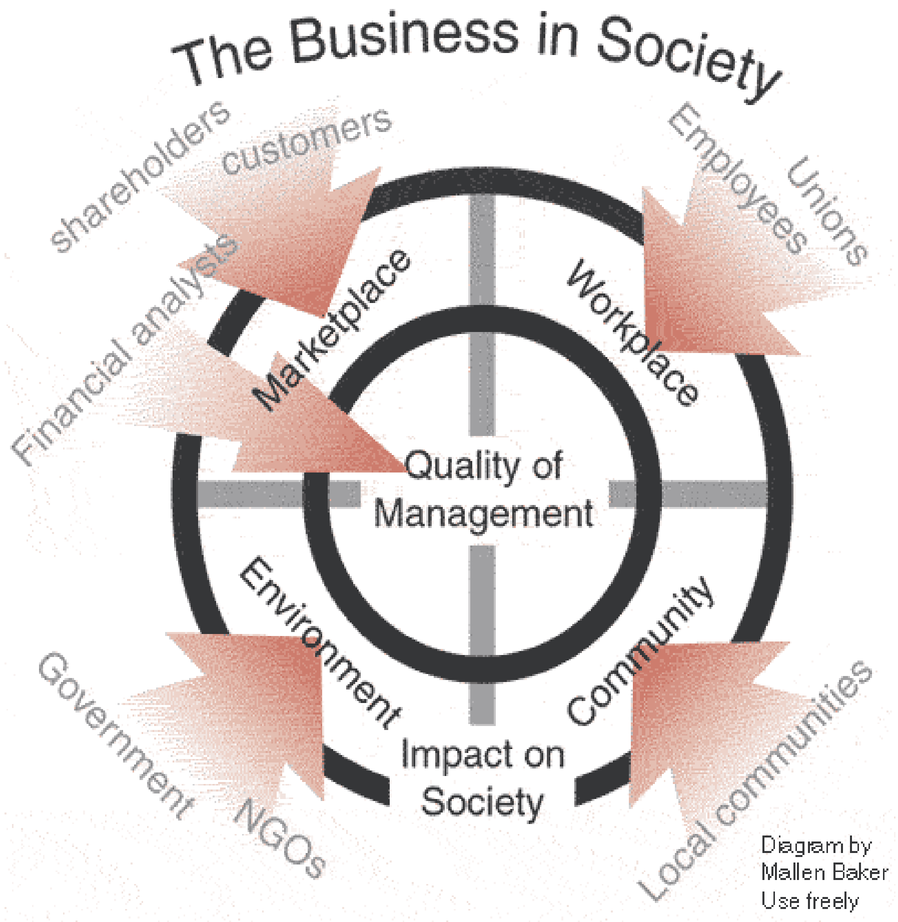
- **Rajashree Birla, Chairperson, The Aditya Birla Centre for Community Initiatives and Rural Development (2012):** CSR is to actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

- **Sachin Pilot, Minister of Corporate Affair (2013):** "As important actors in national and global economies, Corporates enjoy and capitalize on natural, social, human and economic resources. They need to look beyond shareholder value and make sustainability a core driver of their strategy. This is important to embed entrepreneurship more firmly into social realities of the day, to ensure that they use these resources judiciously and without discounting prospects of the future generations".

Baker (2004) stated that the definitions have framed by various organizations, although there is considerable common ground between them. Companies need to answer to two aspects of their operations.

1. The quality of their management - both in terms of people and processes (the inner circle). 2. The nature and quantity of their impact on society in the various areas.

It is noticed, outside stakeholders are taking an increasing attention in the activity of the company. Most look to the outer circle - what the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in terms of how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused as well as past financial performance - on quality of management as an indicator of likely future performance.



1.5 THE HISTORY AND DEVELOPMENT OF CSR: GLOBALLY

The history of CSR is as old as the history of business itself, even though the concept was not formally formulated until recently. Even then as we saw in the review of the meaning of CSR, the concept is still evolving and there isn't complete agreement as to what the concept is all about. Victorian Philanthropy could be said to be responsible for considerable portions of the urban landscape of older town centers today. In the global context, the recent history goes back to the seventeenth century when in 1790s, England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labor sourcing.

The emergence of large corporations during the late 1800's played a major role in hastening movement away from the classical economic view. As society grew from the economic structure of small, powerless firms governed primarily by the marketplace to large corporations in which power were more concentrated questions of responsibility of business to society surfaced.

We can divide the history on CSR into two broad periods (Spring 2007):

- Before 1900 and
- From 1900 to present

1.5.i CSR: Before 1900

The history of social and environmental concerns about business is as old as trade and business itself. It is studied that laws to protect forest and commercial logging operations can both be traced back almost 5,000 years. Around 1700 BC, King Hammurabi of Ancient Mesopotamia is known to have introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens. Meanwhile, history has equally recorded the grumblings of Ancient Roman senators about the failure of businesses to contribute sufficient taxes to fund their military campaigns. In 1622 disgruntled shareholders in the Dutch East India Company, are said to have started issuing pamphlets complaining about management secrecy and "self-enrichment" (BRASS Centre, 2007).

Talking to individuals, thinkers and business people in Africa, it is found out that the CSR concept is very much part of their business history. The research showed that hunters in the Southern Cameroons, as well as other parts of Africa were expected to bring part of their catch to the chief (traditional rulers). Farmers in Eastern Nigeria

(Igboland) brought their first harvest for the famous communal "New Yam Festival". Professional craftsmen were seen as custodians of history and many of their artworks were kept in the palaces of the chiefs (they were not paid for such pieces of art).

In all parts of Africa found out that vital professionals such as doctors were not allowed to charge exorbitant fees for their services. In fact their fees were normally so nominal that no one was unable to pay. All these point to the fact that in traditional African societies, businesses were seen first and foremost as providing benefits for the whole society, and the individual businessperson came only second place.

A parallel view of business is presented in the Bible, where there is condemnation for charging interests on debts. In addition, Jesus in some of his parables, such as the Prodigal Son and the Good Samaritan, exemplifies the sharing of wealth. The beatitudes too also foster that sense of community. Indeed, CSR can be seen as a very Christian concept. Many of the social teachings of the Catholic Church support CSR. The concern on the part of the Catholic Church for the poor and underprivileged has continued even to the 20th and 21st centuries. For example the most recent Popes Journal of Business and Public Policy History of CSR (Benedict XVI and his predecessor, John Paul II) are known to be supporters of corporate philanthropy. The Catholic Church in Latin America developed "Liberation Theology" in the 1960s to address the social needs of the 'wretched of the earth.' Although the theology later ran into conflict with Church authorities in Rome because of its use of Marxist theories, it emphasized the fact that Christ had a 'preferential option for the poor.' The Catholic Church also supports sustainable development, a concept which we earlier saw to be closely linked with CSR. With rapid industrialization, the impacts of business on society and the environment edged an entirely new dimension. The "corporate paternalists" of the late 19th and early 20th centuries used some of their wealth to support philanthropic ventures (BRASS Centre, 2007).

1.5.ii CSR: From 1900 to Present:

As early as the 1920s, discussions about the social responsibilities of business had evolved into what could be recognized as the beginnings of the "modern" CSR movement. In 1929, the Dean of Harvard Business School, Wallace B. Donham, commented in an address delivered at North Western University as: "Business started long centuries before the dawn of history, but business as we now know it is new – new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognize the magnitude of its responsibilities for the future of civilization" (BRASS Centre, 2007).

The concept of social responsibility that prevailed in the US during most of the history was fashioned after the traditional or classical economic model. The classical view held that a society could best determine its needs and wants through the marketplace. If the business is awarded on this ability to respond to the demands of the market the self-interested pursuit of that reward would result in society getting what it wants. Thus, the invisible hand of the market transforms self-interested into societal interest. Years later, when laws constraining business behavior began to proliferate it might be said that a legal model emerged. Society's expectations of business changed from being strictly economic in nature to encompassing issues that have been previously at business's discretion. Over time, a social model or stakeholder model has evolved. A modification of the classical economic model was seen in practice in at least three areas: philanthropy – contributions to charity and other worthy causes, voluntary community obligations and paternalism – appeared in many forms and one of the most visible was the company town (Georgeta Nae, 2008).

The notion of CSR assumes corporate behavior that goes beyond legal requirements. CSR is the detailed 'issues' which an organization may be taking into account when developing strategies and on which an organization exceeds its minimum required obligations to stakeholders (Johnson, 1999). Traditionally, these issues are both internal and external to the organization i.e. employee welfare, working conditions, green issues, products etc. Today, the Corporate Social Responsibility 'handbook' extends to human rights, workplace practices, globalization practices, corporate power, environmental impact, corruption, community affairs and effective stakeholder dialogue (Cowe, Porritt, 2002). By meeting its legal obligations, an organization should not necessarily assume socially responsible behavior.

CARROLL PYRAMID OF CSR

The below pyramid of CSR is intended to illustrate that the total social responsibility is composed of distinct components that, when taken together, make up a whole. They are not mutually exclusive. It is important to note that this pyramid and its definition represent a stakeholder model (Carroll: 2006, 41). Each of the four components of responsibility addresses different stakeholders in terms of varying priorities in which the stakeholders are affected.

Source: Carroll 2006

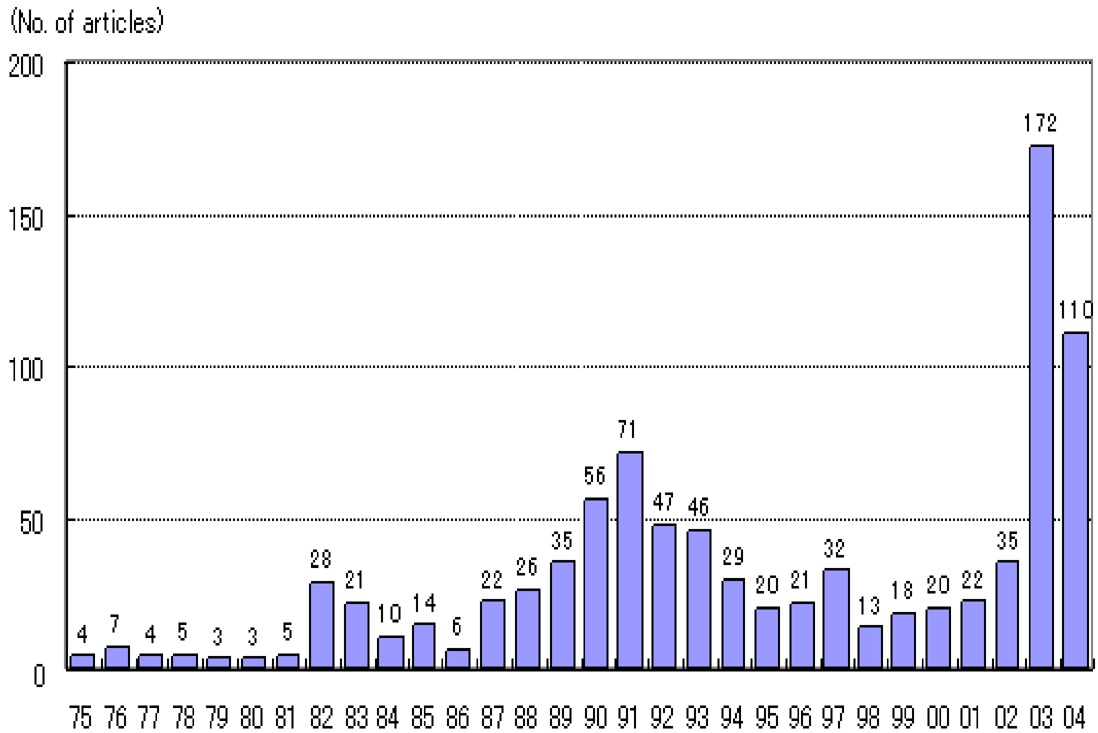
1.6 THE HISTORY AND DEVELOPMENT OF CSR: ASIAN COUNTRIES

Following are the examples of a few Asian countries' History and Development of Corporate Social Responsibility –

1.6.i Japan

Corporate Social Responsibility is both a new concept and an old one in Japan. While the English term has grown widespread in recent years, the concept itself has actually been debated in the Japanese context for almost 50 years. As the newspaper article count for CSR shows, CSR tends to engage the media roughly once every decade. This coincides with a repeating pattern among Japanese companies to commit abuses and scandals, followed by reflection and corrective measures (Figure - 1).

Figure - 1 Number of Newspaper Articles on CSR in Japan



Source: Compiled from Nikkei Telecom 21.

The five phases of evolution of Corporate Social Responsibility in Japan is shown below (Figure – 2)

Figure - 2 Five Phases of evolution of CSR in Japan

Phase	Year	Description
Phase I	**1960s**	Industrial pollution creates distrust of companies and anti-business sentiment Civic movements arise, problems resolved case-by-case.
Phase II	**1970s**	Criticism of supremacy of corporate profits in post-oil

		shock era. Companies set up anti-pollution departments and foundations to return profit.
Phase III	**1980s**	Excess liquidity, bubble economy expands, land prices soar Corporate citizens practice philanthropy and mecenat (support for the arts).
Phase IV	**1990s**	Bubble collapses, business ethics becomes a problem, global warming worsens Keidanren formulates Charter for Good Corporate Behavior Companies set up global environment departments, engage in social contribution.
Phase V	**2000s**	Corporate scandals emerge, stakeholders face crisis SRI funds emerge, CSR ratings become widespread Companies establish CSR departments 2003 is recognized as start of CSR management era.

Overview of the Five Phases of CSR (Masahiko Kawamura, 2004)

Phase I (1960s): During Japan's rapid growth era, as companies single-mindedly pursued profit, industrial pollution and other social problems emerged mainly in heavy and chemical industries. These included air and water pollution from factory waste water and sulfurous acid gas (causing the Minamata mercury poisoning and other diseases), food contamination (PCB poisoning in the Kanemi rice oil incident), and malformation of infants due to mothers using the sedative thalidomide during pregnancy. These incidents raised the issue of liability without fault, and triggered protest movements by residents and victims. A strong anti-business sentiment emerged that regarded companies as inherently evil. In 1967 the Basic Law for Environmental Pollution Control was enacted.

Phase II (1970s): A second land price surge occurred against the backdrop of the new plan to remodel the Japanese archipelago, and land speculation and rampant commodity speculation of trading companies became social issues. In particular, after the first oil shock of 1973, price hikes in the oil industry prompted opportunistic price hikes and market cornering elsewhere, causing inflation in daily necessities, while the problem of defective products also added to the anti-business sentiment. With the single-minded pursuit of profit by companies under fire, the Diet also conducted intensive debate on runaway inflation. CSR was cited as part of a Diet resolution attached to the Commercial Code revision of 1974. Responding to corporate criticism at its peak in 1973, Keidanren (Japan Federation of Economic Organizations) proposed ideals for corporate NLI Research 6 2004.05.24 behavior. At the company level, new departments were set up to deal with pollution, and foundations were hastily formed to return some of the profits back to society. Another key development in 1973 was the introduction of the floating exchange rate system, which along with the above developments symbolized the end of Japan's rapid growth era. The self-righteousness that companies acquired from rapid growth as well as corporate criticism both culminated at this time, and companies subsequently had little choice but to recognize CSR. Incidentally, CSR also first appeared in that year's edition of the Encyclopedia of Contemporary Words.

Phase III (1980s): The CSR debate subsided rapidly from the late 1970s to the early 1980s, due in part to the voluntary restraint of companies in Phase II. But while CSR was downplayed, a spate of sokaiya racketeering occurred. Following the 1985 Plaza Accord and the yen's surge, Japanese companies began to expand operations overseas, ushering in the era of globalization. In particular, companies entering the U.S. market experienced a culture shock due to differences in corporate culture and lifestyles. Domestically, while excess liquidity was fueling the imminent bubble economy, Japan's low standard of living "rabbit hutch" dwellings, long work hours, and the unequal treatment of men and women raised social issues which directly involved companies and employees. In response, the idea of the "good corporate citizen" was introduced as companies actively financed social contributions in areas such as academics, the arts, welfare, and international exchange. The Japan Association of Charitable Organizations compiled the first edition of the Japan Directory of Grant-Making Foundations. In addition, corporate philanthropy and mecenat (support for the arts) flourished in the form of sponsored events and chair endowments. The Association for Corporate Support of the Arts was formed in 1989, and the Keidanren "1% Club" in 1990.

Phase IV (1990s): Land prices surged for a third time from the late 1980s as Japan's economy entered the bubble era, but plunged in 1991 when the bubble collapsed. Companies suffered a series of blows in the post-bubble 1990s: Yamaichi Securities and Hokkaido Takushoku Bank fell into bankruptcy, Toshiba Machine violated COCOM regulations, and contract rigging scandals surfaced among construction companies. Distrust of Japanese companies swelled to international proportions. Keidanren was prompted to compile a Charter for Good Corporate Behavior, which can be interpreted as the prototype for today's CSR. Meanwhile, global warming, destruction of tropical rainforests, destruction of the ozone layer, and desertification were becoming serious global environmental problems. Two key developments symbolizing the response to environmental problems were the U.N. Conference on Environment and Development (UNCED) in 1992, and issuance of the ISO 14001 standard for environmental management systems in 1996.

Phase V (2000s): A new era of CSR began in 2000. Socially Responsible Investment (SRI) had reached Japan in the summer of 1999 with the emergence of Japan's first eco funds, and Japanese companies were bombarded with intrusive surveys by Western research agencies for SRI screening purposes. While eco funds initially focused on the environmental stance of companies, the scope of SRI gradually expanded to corporate governance and social contribution. Since the surveys influenced corporate valuations in capital markets, Japanese companies grudgingly complied. Meanwhile, a series of corporate scandals erupted including Snow Brand and Nippon Meat Packers, causing the scope of CSR to expand to corporate ethics, compliance, accountability, and disclosure. Ricoh became the first of several companies to set up a CSR department in 2003, and Japanese companies began to implement new CSR initiatives from the perspective of risk management and sustainability.

1.6.ii Malaysia

Malaysia is recognized as being among the most active emerging economies in relation to corporate responsibility. Companies in Malaysia have expanded their annual reports beyond the traditional reporting by incorporating elements of environmental, social, product and employee information. The Malaysian government's increasing focus on CSR has resulted in the development of several new initiatives. The most significant of these is still the "The Silver Book", published by the Putrajaya Committee for GLC Transformation (PCG) in September 2006. The Silver Book contains CSR guidelines for Government Linked Companies (GLCs). Khazanah Nasional Berhad, a management authority for government investments, has the responsibility for monitoring that the GLCs implement CSR measures in accordance with the framework. However, there is no information on what possibilities for sanctions Khazanah holds if the guidelines are not followed. Moreover, in September 2006, Bursa Malaysia, the country's stock exchange, launched a framework for implementation and reporting of CSR activities by listed companies. In accordance with this, all listed companies are required to disclose their CSR activities, but it is stressed that all activity occurs on a voluntary basis.

In the above framework the CSR concept is used to describe actions that go beyond philanthropy or compliance with applicable laws. CSR describes the activities that safeguard the environment, communities, employees, shareholders and other affected parties' interests as an integral part of the operation, to the extent that it lays the foundation for long-term, sustainable value creation. Such an understanding of CSR corresponds largely with the Norwegian definition, as it emerges from Stortingsmelding.

In a recent Malaysian survey, CSR practices among local companies are regarded as something commendable when a significant number of activities have been reported for CSR purposes. The Global Compact Network Malaysia (GCNM) is a network that works to promote the United Nations Global Compact (UNGC) ten principles concerning human rights, rights of workers, the preservation of the environment and anti-corruption, among companies operating in Malaysia. Through this network, businesses are given opportunities to showcase their CSR activities internationally. It also functions as an arena for interaction with both NGOs and other businesses. By August 2010, 62 companies and organizations had joined the GCNM, of which the majority was multinational companies. DiGi Communications, in which Telenor has a controlling stake, is one of the companies that is affiliated with the network. As emphasized by GCNM, DiGi is the only Malaysian company that has signed the "Caring for Climate" initiative (Vision Care Foundation, 2012).

Activities pertaining to CSR in Malaysia are also based on seasons. Festive seasons, for example Eid al-Fitr (3) and the Chinese New Year, are the active seasons when many companies, especially Bhumiputra (indigenous)-controlled companies give donations to the old and poor people as well as orphans. As most of these functions are normally made public by the media, it can be inferred that the purpose of CSR is to preserve and elevate a company's image and the argument can be made that companies follow CSR practices if they can get something in return.

1.6.iii Bangladesh

The current agenda for Corporate Responsibility (CR) in Bangladesh is driven by three factors, of which the main impetus for change is an increasing scrutiny of the local practices of subsidiaries of MNCs. The continuing incidents of pollution, exploitation, and increasing local appreciation and buy-in to world-class CR closely underpin the case for change to a wider adoption of CR practices. The increased social consciousness of western consumers, brought about through high-profile cases of corporate exploitation, has been a strong impetus for companies to focus on CR practices. This has placed pressure on local subsidiaries of international MNCs to be held accountable and responsible. One sector where this is increasingly evident is the garment sector in Bangladesh. Here companies tend to perform better on CR practices relative to other sectors, due to increased scrutiny and standard setting by their parent companies.

In Bangladesh, the ability to hold companies accountable has also been facilitated to some extent, by the significant growth in the number of local NGOs (non-governmental organizations). In 1970, it was estimated that there were around 40 NGOs operating in Bangladesh. By 1999, the figure was estimated at 22 000, of which around150 are of foreign origin. In Bangladesh, as elsewhere in the world, out of the trend towards privatization and market liberalization policies, a discourse has emerged on the imperative for business to take up wider social responsibilities, which would both complement the role of the state and fill in the space created through possible retreat of the state.

An example of this is the HIV/AIDS (Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome) initiative kicked off in 1998 by FICCI (Foreign

Investors' Chamber of Commerce and Industry) in Bangladesh and UNAIDS (the Joint United Nations Program on HIV/AIDS), so as to form a business coalition on AIDS in the country. The imperative for CR is also the continuing evidence of issues and incidents relating to the wasteful use of scarce resources and pollution caused by industries, as well as by consumers in Bangladesh. Some examples of these include the struggle between shrimp farmers and rice growers over land usage, the deforestation of the Chittagong hill tracts due to gas and oil prospecting, and the pollution of the Gulshan-Baridhara Lake in Dhaka from the dumping of industrial waste from the Tejgaon, Badda, and Mohakhali industrial areas. These incidents have been reported in the international press as well as on international business and human rights websites, and have resulted in greater international and local demands for CR practices (Ritu Kumar, D.M., 2004).

1.6.iv China

The history of Corporate Social Responsibility in China has as many variations and understanding those variations and definitions is the key to realizing the assorted ways that companies and consumers have interacted in the past and how they will do so in the future. CSR has gained a critical mass of attention in China in the last half decade. ChinaCSR.com, an online publication started in 2003, reports on a wide variety of CSR programs, conferences, and publications in China for both Western and Chinese companies. But many researchers point either to China's opening up in the late 1970s or even to the Communist revolution of 1949 as the start of China's commitment to connecting the ascendancy of industry with the social good. For the former viewpoint, China's reforms in the 1980s and 1990s created an environment where businesses were held to higher standards and made to comply with new laws.

While perhaps there was some fearful hesitancy a few years ago within the Chinese government to fully embrace a more updated idea of CSR, such as additional costs to exports, the situation has now changed. Not only there are new proposed regulations that would require foreign companies to submit their own sustainability reports within China, but various sectors within the Chinese economy have embraced both domestic and international standards to help Chinese businesses to greater heights around the world. There has been a push recently to influence Chinese companies to comply with the International SA8000 standard for ethical workplace conditions, and in 2005, agencies in China worked with the European Union to formulate the China Social Compliance standard (CSC9000T) for the textile industry.

But while it is important to understand some of the varying ideas of how and when CSR developed in China, it is critical to understand where CSR is heading in the future. With Chinese firms like Haier, Lenovo, and Chery making advances into foreign countries, companies who were once reticent about embracing CSR as a business fundamental are now faced with a global supply chain that can easily cause havoc everywhere in the world if one small link is broken. Companies are proactively reaching out to engage government, consumers, investors, and suppliers in multifaceted initiatives to bolster legal compliance, create better brand equity, strengthen financial oversight, and ensure manufacturing principles.

The biggest CSR hurdles for Chinese companies will continue to be the same problems that plague their Western counterparts. First, as Chinese companies grow they will have more suppliers around the world. Each supplier is a potential weak point, and so continual oversight is necessary. Next, every company runs the risk of greenwashing. Finally, full commitment from a company's executive management and board of directors is intrinsic to encouraging Corporate Social Responsibility to be deeply ingrained in all the business processes. Even during recessions, companies must focus on the long- term benefits of CSR (Qiye Shehui Zeren, 2009).

1.6.v Saudi Arabia

There are close to 10,000 firms registered in Saudi Arabia of which only 1% is joint stock companies. Among the Top 100 list of Saudi companies about 50% are listed on the Saudi stock market. In terms of size, the Saudi Arabian Market is the biggest in the Arab world, and ranks among the top 10 emerging markets. The most distinctive feature of the Saudi private sector is probably the extensive prevalence of family ownership within the top ranking companies. Government ownership is also evident among many of the Top 100 list of firms.

The term Corporate Social Responsibility has attracted considerable attention lately in Saudi Arabia particularly within regional business and media circles. In Saudi newspapers, the frequency of reporting on 'social responsibility' in connection with business increased seven-fold between 2005 and 2006. Issues such as employment, safe products, and environmentally friendly production methods beyond regulations are some of the well-publicized issues of this corporate social agenda. Further expectations are seen in light of the opportunities for businesses to contribute to the development of the society in which they operate and benefit society in areas where Governments need to help. Increasingly Governments are seeking partnerships with business and civic society to work out solutions for these challenges. The mere fact that companies create jobs and wealth is in itself one of the key pillars for contributing to a healthy society in a market economy. Governments supposedly create the framework conditions for efficient operation and growth of private enterprises. This includes ensuring efficient market regulations, fair competition, protection of workers' rights and the environment. Companies working within the spirit of the law, focusing on core business and wealth creation are supposedly fulfilling their responsibilities (Tamkeen, 2007).

1.7 HISTORY AND DEVELOPMENT OF CSR: INDIA

The study reveals that in India, the term Corporate Social Responsibility might be new but the concept is not. It has been there since the earliest times, going back to an age when society itself was in its formative stages. It has been incorporated in the various religious laws where a part of one's earnings are donated for the benefit of the poor and community welfare. The Hindus call it 'Dharmmada', the Muslims 'Zakatah', the Sikhs 'Dashaant'; call it by different names, but the concept has been seen in the society from the very beginning. As individuals joined hands to form organizations, the same concept became embedded in the corporations or organizations (Baxi, et al 2005).

India has a rich history of close business involvement in social causes for national development. In India, CSR is known from ancient time as social duty or charity, which through different ages is changing its nature in broader aspect, now popularly known as CSR. From the origin of business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India has had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. Historically, the philanthropy of business people in India has resembled western philanthropy in being rooted in religious belief. Business practices in the 1900s that could be termed socially responsible took different forms: philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct. Corporations may give funds to charitable or educational institutions and may argue that they are the great humanitarian deeds, when in fact they are simply trying to buy community good will. The ideology of CSR in the 1950s was primarily based on an assumption of the obligation of business to society (Richa & Anju, 2010).

In initial years there was little documentation of social responsibility initiatives in India. Since then there is a growing realization towards contribution to social activities globally with a desire to improve the immediate environment. It has also been found that to a growing degree companies that pay genuine attention to the principles of socially responsible behavior are also favored by the public and preferred for their goods and services (Shinde, 2005).

Though Gandhian model and Nehru model still tends to exist but due to continuous impact of western culture the Friedman model can be more influential compared to all previous models. Now the CSR activities by corporates are not limited to families but they have become “Globally local”. In a survey done by IIM Bangalore more than 70% participants believe that social responsibility is not only a government role but it is also a corporate one and a very small proportion (17%) agrees that its social obligations are responsibility of government, not corporations. This is a strong indication that social responsibility is an integrated process which has to be implemented by government and corporate as well. Nearly 80% corporations suggest that the codes of conduct are necessary to encourage accountability and transparency. Both these responses suggest a significant variation from the Friedmanite view of “business being in business for business” (Sanjeev & Rohit, 2007).

1.7.i Gandhi’s Theory of Trusteeship

Theory of Trusteeship is a socio-economic philosophy that was propounded by Mahatma Gandhi. It provides a means by which the wealthy people would be the trustees of trusts that looked after the welfare of the people in general. This concept was condemned by socialists as being in favor of the landlords, feudal princes and the capitalists. Gandhi believed that the rich people could be persuaded to part with their wealth to help the poor. Putting it in Gandhiji's words "Supposing I have come by a fair amount of wealth either by way of legacy, or by means of trade and industry, I must know that all that wealth does not belong to me; what belongs to me is the right to an honorable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community." Gandhiji along with his followers, after their release from the prison formulated a "simple" and a "practical" formula where Trusteeship was explained (Wikipedia).

Gandhian economics is essentially the collection of Gandhi's thoughts on various economic systems. Any discussion on the role of the corporate in the society will remain incomplete without reference to the theory of trusteeship propounded by Mahatma Gandhi. Based on his deep understanding of the Indian society, Gandhi had propounded his philosophy which is different from the western concepts of capitalism or socialism. He had advocated for the system of trusteeship, which requires that property should be under the control of a private person, who should regard himself as its protector not its master. This is derived from the ideal of non-possession (Aparigraha) given in the Upanishad.

The theory of trusteeship visualizes economic equality in the ideal state. Based on the concept “In the world, there is enough for meeting every body’s need but not greed”, Gandhi had advocated that any superfluous wealth should be held in trust. Gandhi was not in favor of restricting growth of intellectual attainments of the people and wanted them to make full use of their talent in the interest of the community. Trusteeship is based on the change of heart or mindset of the rich property-owners for considering themselves not as the absolute lords of what they possess, but as the custodians of social wealth or trustees utilizing the property for the good of the whole community. Expressing his reservation on the capitalist system and concept of inheritance, Gandhi advocated that the choice of a trustee or successor should be subject to the final approval of the community. He had suggested that the state should make a law for checking of any misuse of trust property, regulating private property system, or confiscating it with minimum use of violence.

Gandhi's theory of trusteeship is often criticized as being utopian and not pragmatic in the contemporary society, where man's love for wealth is so ingrained that he may forget as to who had killed his father but not as to who usurped his property. Even Jawaharlal Nehru had questioned "Is it reasonable to believe in the theory of trusteeship to give unchecked power and wealth to an individual and to expect him to use it entirely for the public good? Are the best of us so perfect as to be entrusted in this way?" Notwithstanding this debate, theory of trusteeship propounded by Gandhi will continue to be an important milestone in the history of Corporate Social Responsibility in the years to come (Panda, 2010). The philosophy of Trusteeship believes in inherent goodness of human beings. It involves the capitalists and landlords in the service of society without any element of coercion. It doesn't want the destruction of capitalists. Gandhi himself believed that their destruction would result in the end of the workers.

According to "Altered Images: the 2001 State of Corporate Responsibility in India Poll", a survey conducted by Tata Energy Research Institute (TERI), the evolution of CSR in India has followed a chronological evolution of 4 thinking approaches (Poornima, 2011) -

1. Ethical Model (1930s –1950s): One significant aspect of this model is the promotion of "trusteeship" that was revived and reinterpreted by Mahatma Gandhi. Under this notion the businesses were motivated to manage their business entity as a trust held in the interest of the community. The idea prompted many family run businesses to contribute towards socioeconomic development. The efforts of Tata group directed towards the wellbeing of the society are worth mentioning in this model.

2. Statist Model (1950s –1970s): Under the aegis of Jawaharlal Lal Nehru, this model came into being in the post-independence era. The era was driven by a mixed and socialist kind of economy. The important feature of this model was that the state ownership and legal requirements decided the corporate responsibilities.

3. Liberal Model (1970s –1990s): The model was encapsulated by Milton Friedman. As per this model, Corporate Responsibility is confined to its economic bottom line.

This implies 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.

4. Stakeholder Model (1990s – Present): The model came into existence during 1990s as a consequence of realization that with growing economic profits, businesses also have certain societal roles to fulfill. The model expects companies to perform according to "triple bottom line" approach. The businesses are also focusing on accountability and transparency through several mechanisms.

By late 1990s, the concept was fully recognized; people and institutions across all sections of society started supporting it. This can be corroborated by the fact that while in 1977 less than half of the Fortune 500 firms even mentioned CSR in their annual reports, by the end of 1990, approximately 90 percent Fortune 500 firms embraced CSR as an essential element in their organizational goals, and actively promoted their CSR activities in annual reports (Boli and Hartsuiker, 2001).

After Independence, JRD Tata who always laid a great deal of emphasis to go beyond conducting themselves as honest citizens pointed out that there were many ways in which industrial and business enterprises can contribute to public welfare beyond the scope of their normal activities. He advised that apart from the obvious one of donating funds to good causes which has been their normal practice for years; they could have used their own financial, managerial and human resources to provide task forces for undertaking direct relief and reconstruction measures. Traditionally, it had discharged its responsibility to society through education, medical facilities, and scientific research among other objects. The important change at that time was that industry accepted social responsibility as part of the management of the enterprise itself. The community development and social welfare program of the premier Tata Company, Tata Iron and Steel Company was started the concepts of "Social Responsibility" (Gupta, 2007). The Gandhian notion of trusteeship has been followed by TATAs and BIRLAs ever since their inception.

The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development which concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations. This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest sum of 47 percent was spent through company programs, 39 percent was given to outside organizations as aid and 14 percent was spent through company trusts (Working Document of EU India CSR, 2001). In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001).

In India, in the pre- independence era, the businesses which pioneered industrialization along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The donations either monetary or otherwise were sporadic activities of charity or philanthropy that were taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business. The term CSR itself came into common use in the early 1970s although it was seldom abbreviated.

1.7.ii The Sources of the current concept of CSR

The current form of CSR emerged in the 1990s and represents a convergence of ideas and developments. The most significant source for the current CSR concept comes from concern over the environment. It is related to the idea of sustainable development, developed by the Brundtland Commission in the late 1980s and accepted by the Rio Earth Summit in 1992. Trade unionists played a major role in linking the environmental with the social during this period. They also succeeded in obtaining dimension to sustainability. This became an integral part of the sustainable development concept. One of the most important drivers of CSR is the idea that there is a “business case” for social responsibility. Behind this idea lies the widely accepted belief that measures that are good for the environment can also be good for the financial performance of a company.

Another aspect of the environmental influence on the concept of CSR was that the non-financial performance of an enterprise could be objectively measured, reported, audited and certified in ways similar to those that are used to measure, report, audit and certify the financial performance of a company. This thinking lay behind rapid and widespread acceptance of the term "triple bottom line" which links the financial, environmental and social performance of companies.

Yet another aspect of the environmental influence was the ecological approach to social issues represented in the concept of "stakeholders". Stakeholders are considered to be any person or group affected by the activities of an enterprise. Corporations are expected to approach social issues by identifying the "impact" of their activities, just as environmentalists demand that corporations identify the impact (the "footprint") of their activities on the environment.

A second important source of the current concept of CSR can be traced to the consequences of liberalization, deregulation and privatization policies in the last 20 years. Embraced by governments seeking "low-cost, low-maintenance policy", CSR fits in well with the growth of public private partnerships and the increasing use of NGOs as service providers for new forms of philanthropy. A widely held view was that, as business assumed more of the tasks that society had previously expected governments to perform, the expectations of business with respect to its social responsibilities would increase.

A third source of the current concept of CSR relates to the codes of conduct adopted by companies and meant to be applied to the labour practices of their suppliers and subcontractors. These "supplier codes" were a response to negative publicity related to exploitation and abusive labour practices in the production of famous brand-name goods. These codes raised questions as to how the companies that were adopting them could implement them – and how they could prove to the public that these codes were actually being respected. The search for answers to these questions motivated a lot of private standard- setting in the social area and led to the creation of an industry of private labour inspectors, or social auditors, as well as related multi-stakeholder initiatives which came to have a profound impact on the CSR phenomenon. The supplier codes were important to the evolution of the CSR concept because they addressed questions of business responsibility raised by two significant and long-term developments. The first was the impact of the new forms of business organization and relationships, brought about in large part by outsourcing and subcontracting. Increasingly elaborate international chains of production (value chains) were making it easier for business to avoid its responsibilities at the same time that various pressures were making it difficult for many governments, especially in developing countries, to fulfill their responsibilities. A second and related development was the increasing importance of intangibles, including brand names and reputation, in determining the worth of an enterprise. The supplier codes became a means of "risk management" for brand reputation. Codes and management systems addressing other reputation risks, such as possible bribery and corruption scandals, were also developed. Risk management became one of the strongest components the business case for CSR and codes of conduct became a central feature of CSR.

Another source for the present concept of CSR is the incorporation of ideas drawn from human resource development (HRD) concerning the retention or training of the workforce. Existing thinking and practices in this area fit well with the CSR concept. Companies came to describe their HRD policies as an aspect of their social responsibility towards their employee "stakeholders", and as evidence that they were taking the "high road" to being competitive. Industrial relations and collective bargaining are hardly ever mentioned, even where the subject is the company's relations with its employees. Of course, the impact of successful employee retention on society is less significant for companies that outsource most of their work. Moreover, these kinds of HRD policy cannot have much of a role in low-skill, labour intensive industries operating in environments where basic human rights are not respected (Justin, D. 2003).

1.7.iii CSR Surveys

In the context of India, CSR studies were few and limited. Singh and Ahuja in 1983 conducted a study in India on CSR of 40 Indian Public sector companies for the years 1975-76 and found that 40 percent of the companies disclosed more than 30 percent of total disclosure items included in their survey. This study concluded that the Indian companies placed emphasis on product improvements and development of human resources.

According to a survey done by Partners in Change 2000, which covered 600 companies and 20 CEOs for judging Corporate Involvement in Social Development in India 85 percent agreed that companies need to be socially responsible; only 11 percent companies had a written policy; over 60 percent of the companies were making monetary donations; health, education and infrastructure were most supported issues. From 2000 onwards, 4 important surveys have been conducted, which give significant macro level conclusions about Indian corporate. The first and second surveys were carried out in 2001 and 2002 by Business Community Foundation for TERI-Europe. The survey sought to explore the perception of workers, company executives and general public about social, economic and environmental responsibilities. It was found that all companies irrespective of size or sector have awareness of CSR and its potential benefits. Many companies were collaborating with NGOs, have labor and environmental policy guidelines in place. A third survey was jointly conducted in 2002 by CII, United Nations Development Program (UNDP), British Council (BC) and Price Water Coopers (PWC). The most striking features of the responses to the survey is that the respondents are in near unanimity that CSR is very much a part of the domain of corporate action and the passive philanthropy is no longer sufficient. A significant proportion of respondents, recognize CSR as the mean to enhance long-term stakeholder value. The fourth survey, the Karmayog CSR Rating 2007-08 is for the largest 500 companies in India. Karmayog is a platform for the Indian non-profit sector providing research on CSR activities of Indian companies. It rated the 500 largest Indian Companies based on their CSR activities. The companies were rated on 0 to 5 levels based on criteria like products and services, reach of CSR activities, expenditure on CSR, harmful processes etc.

1.7.iv Karmayog CSR Study in India

Karmayog research (fourth survey) was kept as base and further research was extended to find out the current scenario of CSR activities in India. For this, firstly the social aspects by organizations like OHSAS, GRI, and ISO etc. were streamlined for compilation and better understanding. Then, a list of 500 companies taken by Karmayog from Dun and Bradstreet's 2006 edition of 'India's Top 500 companies' was made. Karmayog rated these companies on a '0-5' scale based on information from the company's website and latest annual report. Out of 500 companies, 229 companies got a ‘0’ rating and thus were filtered out for not showing any CSR activity or producing cigarettes/tobacco products and liquor. For the rest 271 companies annual reports/CSR reports were downloaded and its content analysis was done. It was found that around 26 companies are reporting on environment in the name of CSR. These were dropped out from the list, so a final list of 245 companies was obtained on which the further work was performed like downloading CSR related reports from the websites and studying the same, etc. The assessment of 245 companies was done by mapping their reported aspects against the 18 GRI social aspects which are globally accepted and most widely used. The GRI social aspects were clubbed as Society Performance Indicators, Human Rights Performance Indicators, Labor Practice and decent work Indicators, and Product Responsibility indicators. The CSR reports (245 companies) were thoroughly examined and its content analysis was done to find out the use of GRI aspects, CSR initiatives and special innovations. A binary code of '0' and '1' was allocated for 'not using' and 'using' the particular indicator respectively. The assessment was based on four criteria: the social indicators tracked by the company, the innovativeness in CSR on a 5 point scale, linkage of CSR initiatives to business, and focus area of CSR in each company.

It was observed that 46% companies got zero rating (no reporting), around 8% scored 3/5 and 4/5 Karmayog rating. Around 49% companies out of 500 largest Indian companies were reporting on CSR. Most of the companies report on donations, renovating schools in villages, mid-day meals etc. It is expected from a company to at least spend a minimum of 2% of income on CSR activities annually. But in most reports there is no mention of the amount spent in any of their balance sheets or annual reports. Well defined expenditure on CSR has been shown by very few companies. Companies reach for CSR activities was also unsatisfactory in the sense CSR activities of only 25% companies were for employees and rest were focusing on vicinity and society at large. Many companies are only making token gestures towards CSR in tangential ways such as donations to charitable trusts or NGOs, sponsorship of events, etc. believing that charity and philanthropy equals to CSR. Most companies use CSR as a marketing tool to further spread the word about their business, for instance, donation of a token amount to some cause on purchase of a particular product. The fact that companies are hiring advertising agencies for their CSR further highlights this. Companies hesitate to state the processes followed by them, the damage caused by these processes, and the steps taken to minimize this damage.

Very few companies have a clearly defined CSR philosophy. Most implement their CSR in an adhoc manner, unconnected with their business process. Most companies spread their CSR funds thinly across many activities, thus somewhere losing the purpose of undertaking that activity. Special CSR initiatives were taken by some companies like structured CSR etc. Generally speaking, most companies seem either unaware or don't monitor their company's CSR. However, all companies can be considered to be an upward learning curve with respect to CSR. The overall approach still seems to be driven by philanthropy rather than integrating it with business as has been happening in the world.

According to Shrivastava and Venketeshwaran (2000) there are two extreme views - companies that comply with the laws of the country they operate in are considered as 'socially responsible'; in the other extreme view, the CSR activities of a company are considered as purely philanthropic, in which case money is given for charity without expecting anything in return.

The results suggest that 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. CSR is qualitatively different from the traditional concept of corporate philosophy. It acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines the business corporation's partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities (Jagdish Gulati, 2005).

The problems and issues that confront society today are too large and complex to be solved by government and NGOs alone. Sustainable solutions to society's problems can only be found through the collaboration and involvement of all who are part of it. Companies have tremendous strengths; they have extremely capable people, technology, access to money, the ability of geographical reach, etc. Thus Corporates are important stakeholders in society. Corporate Social Responsibility helps to define the contribution of a company beyond economic value and creating employment, and weighs this contribution against the damage done by the company through its products and processes (Karmayog, 2009).

The corporate India has focused their CSR activities across 20 states/UTs, out of which, Maharashtra received maximum attention from Indian industrialists for initiating their CSR activities with a share of 35.68%. It is followed by Gujarat (11.62%), Delhi (9.66%), Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) among others.

Percentage of CSR activities among the Indian States

Rank Share	**CSR Areas**	**Percentage (%)**
1	Maharashtra	35.68
2	Gujarat	11.62
3	Delhi	9.66
4	Tamil Nadu	9.17
5	Andhra Pradesh	7.04
6	West Bengal	6.71
7	Karnataka	6.55
8	Rajasthan	3.27
9	Punjab	2.13
10	Uttar Pradesh	1.96
11	Orissa	1.31
12	Dadra & Nagar Haveli	0.98
13	Haryana	0.65
14	Kerala	0.65
15	Madhya Pradesh	0.65
16	Goa	0.49
17	Jharkhand	0.49
18	Assam	0.33

19	Chandigarh	0.33
20	Uttarakhand	0.33

Source: ASSOCHAM Research Bureau

1.7. v New Company Bill 2013 on Corporate Social Responsibility

Very recently the new Company bill has passed by both the parliament houses. Under Companies Act, 1956 there is no provision for Corporate Social Responsibility but the Companies Bill, 2012 incorporates a provision of CSR under Clause 135. This Clause states that every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during any financial year, shall constitute a CSR Committee of the Board consisting of three or more Directors, including at least one Independent Director, to recommend activities for discharging Corporate Social Responsibilities and the company would spend at least 2 per cent of its average net profits of the previous three years on specified CSR activities (India CSR, 2013). With the new legislation, India would possibly become the first country to have Corporate Social Responsibility spending through a statutory provision.

1.8 THE HISTORY AND DEVELOPMENT OF CSR: GUJARAT

1.8.i A Brief Sketch of Gujarat and its Industrial Development

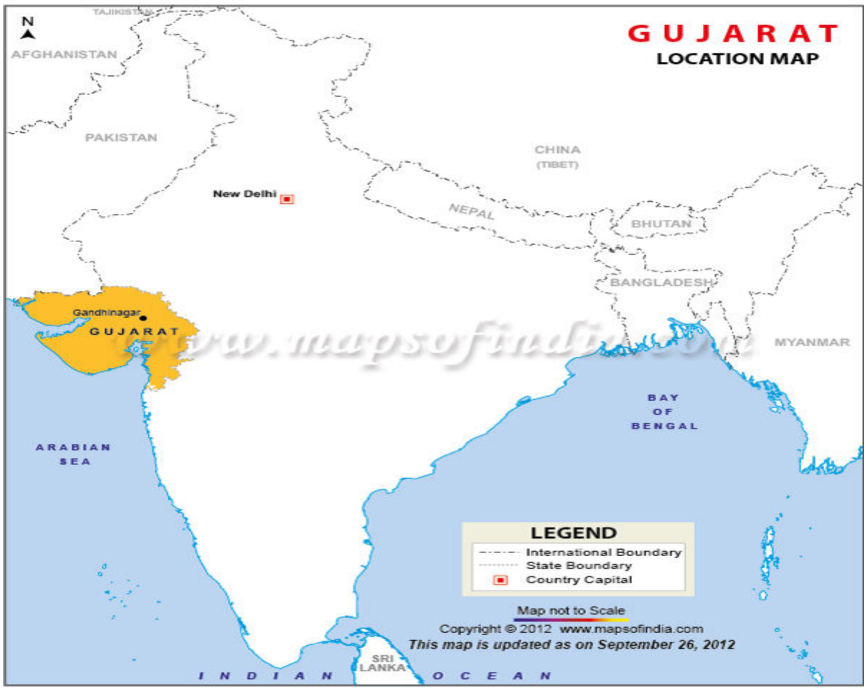


Figure: State of Gujarat in India

Gujarat is one of India's most industrialized states maintains a variety of industries. The principal ones being general and electrical engineering, the manufactures of textiles, vegetable oils, chemicals, soda ash, and cement. New industries include the producers of fertilizers and petrochemicals.

Major resources produced by the state include cotton, peanuts, dates, sugarcane and petrol. The state is rich in calcite, gypsum, manganese, lignite, bauxite, limestone, agate, feldspar and quartz sand and successful mining of these minerals is done in their specified areas. Gujarat produces about 91% of India's required amount of soda ash and gives the country about 66% of its national requirement of salt. Chemical Industries in Gujarat count for more than 35% of Indian Chemical production. It is one of the most prosperous states of India, having a per-capita GDP significantly above India's average. Kalol, Khambat and Ankaleshwar are today known for their oil and natural gas production. 'Dhuvaran' has a thermal power station, which uses coal, oil and gas. On the Gulf of Khambat, 50 kilometers southeast of Bhavnagar, is the Alang Ship Recycling Yard (the world's largest). General Motors produces the 'Astra' car at Halol near Vadodara. Jalalpur is a large town of Gujarat, where several small and large textile industrial units have been established. Surat, a city by the Gulf of Khambat, is a hub of the global diamond trade.

Global Prosperity Index 2012 released by the Legatum Institute finds Gujarat to be scoring highest on social capital in India. Gujarat is ranking 15th when it is compared among the 142 nations. It ranks alongside Germany and scores better than several developed nations. This is the recognition of the development in Gujarat under the leadership of Shri Narendra Modi, following the Mantra of 'Sabka Saath, Sabka Vikas'.

1.8. ii CSR Activities in Gujarat

Gujarat is known for its rapid industrialization, has also emerged as one of the most suitable platforms for launching Corporate Social Responsibility initiative. A study conducted by The Associated Chamber of Commerce and Industry of India (ASSOCHEM) is anything to go by, the state is the second most sought after by the India Inc. for the CSR play. It stands second with share of 11.62% in total CSR activities, while Maharashtra tops the chart with total share of 35.68%. Delhi (9.66%), Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) are the other states with the highest CSR activities.

Figure: Map of Gujarat

The study "India Inc. and CSR areas" further reveals that from the 300 Indian companies, which had been grouped under 18 broad sectors based on their economic activity, the maximum initiatives have been undertaken by almost 74 companies engaged in chemical sector, accounting for a share of 12.11%. The 62 companies in FMCG (Fast Moving Consumer Goods) and consumer durable space are placed at second position with a CSR initiative's contribution to the extent of 10.15%. With 53 companies, the textile sector occupied third place with effective CSR initiatives, contributing a share of 8.57%. Releasing the study report, ASSOCHEM president Sajjan Jindal said, "Out of the total 26 activities, community welfare perceived to be the top priority area on the corporate sector's list with a share of 21.93%" (Kumar Sachin 2009).

The government of Gujarat has, in its newly announced industrial policy, refrained from making Corporate Social Responsibility mandatory. It has also rechristened CSR as “Wealth with Social Health". Previously the Gujarat government had made it mandatory for state-run public sector enterprises to contribute 30% of profit before tax for social causes as part of their CSR that is now optional in the new industrial policy. This report states that the policy now reads “Business entities should synergize with the state to improve social health in surrounding areas, so we intend to develop a flexible and optional arrangement between the state and business”. Principal Chief Industrial Advisor R J Shah said, "Corporate Social Responsibility has been made optional in the new industrial policy" (CSR Asia, 2009).

In Vibrant Gujarat 2013 Summit, the Government of Gujarat was organized a Discussion Forum on “Corporate Social Responsibility: Moving from Dialogue to Action”. Vibrant Gujarat is a biennial investors' summit held by the government of Gujarat, India. The event is aimed at bringing together business leaders, investors, corporations, thought leaders, policy and opinion makers; the summit is advertised as a platform to understand and explore business opportunities in the State of Gujarat. The business case for CSR is gaining momentum as companies around the world are realizing that what is good for the employees, their community and environment is also good for the business. The panel discussion was focused on importance of aligning CSR initiatives with business objectives and corporate values and hence, integrating corporate responsibility across the business functions and enhancing business reputation; necessity of proper auditing mechanism through which CSR initiatives could be measured and the role of government in providing necessary legislative support for promoting CSR further; making CSR an integral part of companies' way of doing business.

Mr. S Jagadeesan, IAS, MD, Sardar Sarovar Narmada Nigam Ltd. while discussing in the forum, said that “the Government can play an important role to aid the process of making resources available to the people in need. The government is trying to make the corporate sector as a partner in making the change”. Mr. S. Jagadeesan stressed on highlighting the three main aspects:

1. The need to benchmark CSR activities,
2. Transparent reporting system, and
3. Third party auditing on the nature of CSR expenditure to ensure the use of CSR resources for intended purposes.

He recalled the fact that Gujarat has always been a pioneer in the CSR Activities even without any obligation from the government due to historical and cultural heritage. Even some of the most leading companies have been actively participated in the development of societies of Gujarat. For example, as part of Rs.10 million Corporate Social Responsibility project, India's largest private company, Mukesh Ambani-led Reliance Industries (RIL), has built a market and created a garden for commercial plants in a Gujarat village. The market, set up by Reliance as part of a project to develop the village Moti Khavdi in the state's Jamnagar district, will accommodate shops for eatables, vegetables, spices, clothes and cutlery and shoes. The shops will provide 46 hawkers a permanent place to sell their goods. A RIL spokesman said the project would give the village, some 350 km from here, a new look. Reliance group company Reliance Petroleum is setting up a 29-million-tonne per annum high-complexity petroleum refinery in the Jamnagar special economic zone. Moti Khavdi village is adjacent to the plant site.

1.9 THE HISTORY AND DEVELOPMENT OF CSR: VADODARA REGION

1.9. i A Brief Sketch of the Vadodara Region:

Figure: Map of Vadodara Region

District	**Vadodara**
State	Gujarat
Country	India
Zone	21
Ward	21
Total Area	148.95km^2 (51.51 sq mi)
Population (2012)	1,602,424
Rank	24
Sex Ratio	919 Females per 1000 Males
Density	10,335/km^2 (26,770/sq mi)
Languages	Gujarati, Hindi, Marathi, English
Talukas	12
Literacy Rate	81.21%
Nearest City	Anand, Bharuch
Legislature type	Municipality
Legislature Strength	84
Climate	Tropical Savana
Mayor	Shrimati Jyotiben Pandya
Municipal Commissioner	Ashwini Kumar

Vadodara, also known as Baroda, is the third largest and most populated city in the Indian State of Gujarat, after Ahmedabad and Surat. Vadodara is also known as "Sanskari Nagari" because of its rich culture and traditions and is also an Industrial and Cultural capital of Gujarat. During the days of the British Raj, Baroda state was a Maratha Princely state ruled by the royal Gaekwad dynasty, entitled to 21 Gun Salute, and was one of the largest and richest Indian Princely states. Historical and archaeological findings date this place back to the 9th century when it was a small town called Ankottaka (present Akota) located on the right bank of the river Vishvamitri (whose name is derived from the great saint Rishi Vishwamitra). Ankottaka was a famous centre of Jainism in the 5th and 6th century AD. Some of the Akota bronze images can be seen in the Vadodara Museum. The city was once called Chandanavati after its ruler Raja Chandan of Dor tribe of Rajputs, who wrested it from the Jains. The capital had also another name "Virakshetra" or "Virawati" (a land of warriors). Later on it was known as Vadpatraka or Wadodará, which according to tradition is a corrupt form of the Sanskrit word Vatodar means 'in the heart of the banyan tree'. It is now almost impossible to ascertain when the various changes in the name were made; but early English travelers and merchants mention the town as Brodera, and it is from this that the name Baroda is derived. Again in 1974 the name changed to Vadodara.

Vadodara is surrounded by the beautiful Lakshmi Vilas Palace and The Maharaja Sayajirao University of Baroda which is the largest university in Gujarat. It is famous for the Science, Arts, Fine Arts, Performing Arts, Technology, Management, Psychology, Social Work, Law and Medicine streams.

1.9.ii Industry and CSR in Vadodara Region:

Vadodara is known as the ‘Gateway to the Golden Corridor’, as all rail and road arteries that link Delhi, Mumbai and Ahmedabad also connect Vadodara, including the Delhi Mumbai Industrial Corridor (DMIC). In Vadodara, various large-scale industries such as Gujarat State Fertilizers and Chemicals (GSFC), Indian Petrochemicals Corporation Limited (IPCL, now owned by Reliance Industries Limited) and Gujarat Alkalies and Chemicals Limited (GACL) have come up in the vicinity of Gujarat Refinery and all of them are dependent on it for their fuel and feedstock. Other large-scale public sector units are Heavy Water Project, Gujarat Industries Power Company Limited (GIPCL), Oil and Natural Gas Corporation (ONGC) and Gas Authority of India Limited (GAIL). In addition to these public sector enterprises, a number of other large-scale enterprises have come up in the private sector such as Bombardier Transportation, a Canadian company manufacturing the Delhi Metro from its site in Savli. Baroda also has quite a few established manufacturing units such as; General Motors, Siemens, Alstom, ABB, Philips, Panasonic, FAG, Apollo Tyres, Sun Pharmaceuticals, L&T, Schneider and Alstom Grid, Bombardier, and GAGL (Gujarat Automotive Gears Limited). There are also a number of glass manufacturing companies in and around Vadodara, including HNG Float Glass, Philips Glass, Piramal Glass etc.

- **Main Industry Sectors (03):**

- Chemicals and Petrochemicals

- Pharmaceuticals
- Biotechnology

➢ **Special Economic Zones (03):**

- Nipiam Infrastructure Ltd.
- Suzlon SEZ
- Savli SEZ

➢ **Industrial Estates (13):**

- Sehra
- Savli Biotech Park
- Savli
- PCC
- Makarpura
- Waghodia
- Nandesari
- Por Ramangamdi
- Limda
- Ranoli (Autonagar)
- Dabhoi
- Jetpur Pavi
- Sankheda

Sayajirao Gaekwad III

The visionary Maharaja Sayajirao Gaekwad III is also very renowned for his reforming initiatives in the socio-economic development of this region. Maharaja Sayajirao Gaekwad III established the Bank of Baroda in the year 1908 and the bank has successfully developed as one of the leading banks in India as well as internationally and helped in industrial growth. The Maharaja supported in the establishment of railway transport system in his region. He took many other initiatives like improving the state of education, uplifting the conditions of the oppressed and deprived people and various other agricultural, social and judicial reforms. Sayajirao III played a vital role in the expansion of textile industry in Baroda. He primarily focused on social and educational reforms such as spread of education, removal of untouchability, ban on child marriage, advancement of Sanskrit, legislation of divorce, religious education and ideological studies and the improvement of fine arts as well.

The concept and movement of CSR has been growing rapidly in Vadodara. Now, more and more corporations are being engaged in various CSR activities at Vadodara, e.g. charity, donation, or relief action to affected communities, education, medical assistance, health awareness programs. But if we look at the activities that are practiced as CSR, they are primarily of a short-time and response, rather than proactive activities. This means that corporation's interaction in the field primarily focuses on relief type, and it only has to do with physical reconstruction and recovery. Therefore, it may not have a lasting effect on the community or capacity building to its residents, resulting in short-lived impacts of the activities. Without appropriate approaches at pre-disaster and precautionary level, a truly lasting impact from CSR activities will not be seen. And it certainly is not a wise option to only invest corporate capital and human resources to post and responsive-relief activities. With proper precautionary involvement and activities, communities will be more resilient and better prepared for the future disaster and environmental hazards. What we believe is that the corporate sector has much more to offer for better disaster and environmental management, beyond the level of CSR activities.

1.9.iii Various types of CSR Activities

Among currently practiced CSR activities, broadly five types of CSR activities are recognized. They are -

(1) Philanthropic or charity

(2) Contractual

(3) Collaborative

(4) Adversarial and

(5) Unilateral.

Philanthropic activities are concerned with donations and grants to those organizations and people dedicated to social and environmental cause. Under contractual type, corporation contracts out other organizations or groups. Adversarial type of activities concerns more on public relations than actual benefit to affected people and unilateral type does not, by definition, work together with other stakeholders. It is very rare that such CSR activities are involved in proactive activities, and almost all cases are focused on responsive and post-disaster level. The characteristics of CSR activities are consisted of three general traits. They are: (1) one-off intervention, (2) ‘responsive’ action and (3) non-involvement of community.

The chairman of Gujarat Industries Power Company Limited (GIPCL) of Vadodara commented on CSR as ‘Companies such as yours are organs of society, using significant societal resources. Therefore, apart from the financial parameters, the value that created by them need to be measured by the contribution they make to improve the quality of life of our society. The company’s CSR activities are being undertaken through Society for Village Development in Petrochemicals Areas (SVADES) and Urja Foundation at Vadodara and Development Efforts for Rural Economy and People (DEEP) at SLPP (Surat Lignite Power Plant).’

The Alembic management firmly believes that CSR is a long-term commitment, not short-term investment. It is not just about philanthropy but about changing business ethos. The endeavour to make a positive contribution to underprivileged communities by supporting them in a wide range of socio-economic, educational, health, fine arts and rural development activities.

1.10 DEFINITIONS OF KEY TERMS

CSR

Corporate Social Responsibility is a process with the aim 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.

Vadodara Region

Vadodara, also known as Baroda, is the third largest and most populated city in the Indian State of Gujarat, after Ahmedabad and Surat. Occupying an area of 7,794 sq km. in the east of Gujarat with population density 9,527 per sq km. Vadodara is divided into 12 talukas.

Sociological Study

Sociological study includes all the social aspects which are related to CSR are analyzed and examined sociologically.

Public Sector

The public sector, sometimes referred to as the state sector or the government sector, is a part of the state that deals with either the production, ownership, sale, provision, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal.

Private Sector

The part of the economy that is not state controlled, and is run by individuals and companies for profit. The private sector encompasses all for-profit businesses that are not owned or operated by the government.

MNC Sector

Multinational Corporation is a form of "capitalist enterprise in which the financial structure, managerial control, an integration of productive activity span national boundaries and are oriented to international markets". A Corporation that has its facilities and assets at least in one country other than its own country; and has offices and/or factories in different countries is termed as Multinational Corporation. They usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries.

Manufacturing Industry

Manufacturing is the production of goods for use or sale using labor and machines, tools, chemical and biological processing, or formulation. The term may refer to a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale.

Service Industry

An industry that provides services rather than tangible objects is referred as service industry. Service industries include: banking, communications, wholesale and retail trade; all professional services such as engineering, computer software development, and medicine; nonprofit economic activity, all consumer services, and all government services including defense and administration of justice.

1.11 AIM AND FOCUS OF THE STUDY

The main aim of this study is to understand how the companies at present times have been maintaining their own social responsibility towards the society at large. The study will also examine many significant accounts in order to understand company's responsibility towards the upliftment of the weaker sections of the society by giving them different beneficial programs and initiatives. These initiatives may include education, medical health care, community and rural welfare, self-employment, better environment etc. Different companies like public sector, private sector and MNCs of Vadodara region have been practicing their several CSR initiatives/activities for the betterment of their surrounding areas in particular and for building and strengthening the society at large in general.

The main focus of the study is on social norms, ethical values, education, healthcare and environment with respect to Corporate Social Responsibility. The study also focuses on sustainable development which includes the stakeholders.

1.12 HYPOTHESIES

- The companies in Vadodara region are doing CSR initiatives for the development of the people and their surrounding villages in particular and society at large.
- The corporate houses believe that through the CSR initiatives they can build a good and responsible business entity which will help them in sustainable growth.
- The top management gives regular support and encouragement to employees to get involved in CSR activities of the company.

- More and more companies of all sizes and sectors are recognizing the importance of their role in society and the real benefits of adopting a proactive approach to CSR.
- The companies have built structured CSR programs with CSR team/professionals to implement and monitor the activities.
- Companies' CSR activities are not limited to particular community. Cutting across the various caste, creed, class and religions, the companies do target the society at large.
- The companies are eager to implement innovative and creative concepts in CSR programs with the help of consultants and other organizations.

CHAPTER - 2

REVIEW OF LITERATURE **Page No.**

CHAPTER - 2
REVIEW OF LITERATURE

INTRODUCTION

Milton Friedman, Nobel Laureate in Economics wrote in 1970 in the New York Times Magazine that "the social responsibility of business is to increase its profits" and "the business of business is business". This represented an extreme view that the only social responsibility a law-abiding business has is to maximize profits for the shareholders, which were considered the only stakeholders for the company. However, time has given the term 'stakeholder' wider connotations (FICCI, SEDF).

These ideas have given rise to the concept of CSR. The emerging concept of CSR goes beyond charity or philanthropy and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into its business process. Business for Social Responsibility defines CSR as "achieving commercial success in ways that honor ethical values and respect people, communities, and the environment. It means addressing the legal, ethical, commercial and other expectations that society has for business and making decisions that fairly balance the claims of all key stakeholders. In its simplest terms it is: "what you do, how you do it, and when and what you say". The concept of CSR is constantly evolving. What is generally understood by CSR is that the business has a responsibility towards its stakeholders and society at large that extends beyond its legal and enforceable obligations. The triple bottom line approach to CSR emphasizes a company's commitment to operating in an economically, socially and environmentally sustainable manner. The emerging concept of CSR advocates moving away from a 'shareholder alone' focus to a 'multi-stakeholder' focus. This would include investors, employees, business partners, customers, regulators, supply chain, local communities, the environment and society at large (FICCI, SEDF).

2.1 CSR - INTERNATIONAL STUDIES

Zeinab A. Karake (1999) describes the organizational restructuring and corporate downsizing can have a significant impact on the perceived social responsibility and responsiveness of any firm. He analyzes the phenomenon by identifying the nature and types of structural or functional relationships that exist between downsizing and organizational performance variables, on the one hand and organizational social responsiveness on the other. It looks at changes in the use of various restructuring techniques to improve efficiency and effectiveness and the effects of these changes on the organizational citizenship standing in the community. It goes on to add to the understanding of the general phenomenon of downsizing by examining its relationship to the level and pervasiveness of Corporate Social Responsibility.

Steven Voien (2000) provides a comprehensive overview of every major area of Corporate Social Responsibility, describing business benefits, recent developments, external standards, implementation steps, real-life leadership examples, sample policies, award programs and contact information. Issues covered include: mission, vision and values; business ethics; governance and accountability; community economic development; community involvement; environment; human rights; marketplace practices; and workplace policies.

Michael McComb (2002) writing in the South China Morning Post: The notion of companies looking beyond profits to their role in society is generally termed CSR. It refers to a company linking itself with ethical values, transparency, employee relations, compliance with legal requirements and overall respect for the communities in which they operate. It goes beyond the occasional community service action, however, as CSR is a corporate philosophy that drives strategic decision-making, partner selection, hiring practices and, ultimately, brand development.

Henry J. Aaron (2002) has written that Corporate Social Responsibility provides a comprehensive overview of experiences and practices at the local level. It illustrates that partnerships provide a powerful mechanism for helping firms become more socially responsible.

Ronald R. Sims (2003) writes to enhance understanding of the causes of ethical debacles in an era when ethical missteps can often lead to corporate bankruptcies or worse. Sims offers practical solutions for mitigating damage and preventing such problems from happening in the first place. He also explains how to institutionalize ethics throughout an organization and asserts that organizations wishing to behave ethically must do more than harbor good intentions. Such companies must implement policies that inculcate the corporate culture with ethical values. They must also commit to ethical behavior in all interactions with internal and external stakeholders, including investors, customers, employees, and the community.

Philip Kotler and Nancy Lee (2004) stated that corporations are expected to give something back to their communities in the form of charitable projects. They explained that why charity is good for both Public Relations and for business. They show business leaders how to choose social causes, design charity initiatives, gain employee support, and evaluate their efforts. They also provide all the best practices and cutting-edge ideas that leaders need to maximize their contributions to social causes and do the most good.

Adrian Henriques, Julie Richardson (2004) have described the concept of the "triple bottom line" (TBL), the idea that business activity can simultaneously deliver financial, social and environmental benefits, was introduced in the early 1990s. It brings together the world's leading experts on corporate responsibility to assess the implications, benefits and limitations of the TBL. It provides a review of what has already been achieved in stimulating change in corporate culture and bringing businesses to appreciation of the importance and benefits of CSR and good environmental performance. It further explores the conceptual and practical limits of the metaphor of the TBL and sets out what can be achieved through regulation and legislation, presenting detailed professional procedures for environmental accounting and management and social auditing.

Porter and Kramer (2006) do see the license to operate as one of the ‘traditional reasons’ for CSR, although they argued that the real importance of CSR is in the “shared value” that businesses have with society. The basic premise of the argument is that businesses operate in societies and societies need these businesses that are, there is a mutual benefit.

William C. Frederick (2006) has described that the story of Corporate Social Responsibility what it means, where it came from, where it is going, what it requires of business. It lays bare the values that drive corporate culture, explores the motivational depths of corporate strategy and policy, demonstrates how biological impulses can lead business decision makers astray, questions the relevance and ethical commitment of business school education, reveals the spiritual side of management life, and holds out hope that the New Millennium will see improvement in the ethical performance of business.

Jan Jonker, Marco C. de Witte (2006) have described about implementation strategies for Corporate Social Responsibility is a risky business. In current global conversations, CSR tends to be as much about semantics as substance. They examine the fundamental idea that drivers should be found primarily within the heart of organizations and expressed through various implementation strategies. It discusses emerging organizational perspectives on CSR, and considers the changes and consequences of implementing CSR.

Mette Morsing, Andrew Kakabadse (2006) explained about what Corporate Social Responsibility could be, how to communicate effectively the benefits of CSR initiatives, and how critical it is to have CSR on the corporate agenda, not to do so means CSR remains something "nice to have" rather than making the desired difference to our lives.

David E. Hawkins (2006) has described that many companies recognize the importance of Corporate Social Responsibility, but seek to understand how this can be harmonized with current profitability. This new approach, drawing upon many contemporary examples, demonstrates the importance of balancing short term profitability with long term sustainability and shows how this relates to many business issues and aspects including environmental change, ethical trading, corporate governance, risk management, sustainable development and competitive balance.

D. Crowther and R. Jatana (2007) have explained about the concept of social responsibility and defined it as the obligation of business community for the well-being of the people, the state and the environment in which they operate. The business community is required to safeguard the health and well-being of the society. The business organizations are required to produce to the maximum extent possible. The business people should have concerns to the public. They should give priority to the goals set by the government for the betterment of the people. They are required to solve many social and ecological problems such as urban congestion, environmental pollution, industrial discharges to river waters, depletion of natural resources, etc. It is also the responsibility of the business people to cooperate with the government in the eradication of poverty, unemployment, regional backwardness, etc. They have certain responsibilities with regard to consumers, investors, employees and the government.

Frank Den Hond (2007) focuses on different aspects of managing CSR in action to capture differences between discourse and practice. By examining the question from three angles - talking about CSR, doing CSR and measuring CSR, attempt to make sense of the difference between practice and reality.

Radu Mares (2007) explains that the responsible business practices of leading companies are significant not only as isolated instances of self-regulation, but that they also contribute to a broader rule-making process which has been underway in the last decade and is aimed at making business more responsive to human rights and environmental concerns. The flexibility of existing laws as well as the emergence of new regulations relevant to Corporate Social Responsibility is highlighted. As CSR increasingly interacts with public policy, some insufficiently understood effects of CSR appear that can help us advance toward more systemic solutions in the business and human rights area. This study identifies variables that states can stimulate through a wide range of interventions ranging from capacity-building measures to policy to hard law so that responsible practices get diffused more broadly and deeply in the business community. The intended audiences are legal experts with an interest in enhancing the protection of human rights in developing countries, and CSR theorists and practitioners mindful of the broader social dynamics that surround the implementation of CSR commitments.

Andrew Crane, Dirk Matten, Laura Spence (2007) summarized that modern business is obliged to meet increasingly demanding ethical, environmental, legal, commercial and public standards as defined by wider society. Corporate Social Responsibility has therefore become an important consideration for managers at all levels, as well as one of the most vibrant areas of study and research in the field of business and management.

Josep M. Lozano, Laura Albareda, Tamyko Ysa (2008) have written on an analytical framework for understanding how governments develop policies of Corporate Social Responsibility. The research analyses CSR public policies in 15 European Union countries. It defines four models of governmental approach from a relational perspective that encompasses the relationships between all the various stakeholders like governments, businesses and civil society. It also takes into account the socioeconomic context in which these relationships stand.

Jon Burchell, Milton Park, Abingdon, Oxon (2008) included key articles and original perspectives from academics, NGOs and companies themselves. They address the changing relationships between business, state and civil society, the challenges to business practice, what businesses should be responsible for, and why, issues of engagement, transparency and honesty, the boundaries of CSR, Can businesses ever be responsible? While case studies examine major international corporations like Coca Cola and Starbucks, broader articles discuss thematic trends and issues within the field.

Michael Hopkins (2008) writes that the business of business is business. So then why should corporations be involved in development? This groundbreaking makes the case that governments and their international agencies grouped under the umbrella of the UN, have failed in their attempts to rid the planet of under-development and poverty. If development is the objective then it seems that the solution and the responsibility lies with the private sector, particularly through the Corporate Social Responsibility programs of large corporations, with their tremendous power and economic strength. It spells out what corporations are doing on development, what more they could do and how CSR can be a useful tool to promote economic development via corporations.

Christina Keinert (2008) has described about CSR, a concept aimed at determining the amount of responsibilities to be shouldered by private business toward stakeholder groups and society at large, deserves to be dealt with in considerable detail and not simply as another "PR fuzz" or marketing gag. As a model, CSR epitomizes the old saying "business is business"; offering broader stakeholder management which can be seen as a competitive advantage. Increased financial performance and employee commitment are among the benefits the CSR model can offer corporations. It discusses how CSR addresses business concerns of feasibility, barriers and drivers of internal and external practice; and whether a CSR program is likely to constitute a success or failure.

Bruce Kibler (2008) wrote about the international aspects of corporate governance (CG) and Corporate Social Responsibility. Specifically the impact of an overemphasized shareholder value construct in the privatization process in Germany on the examples of Deutsche Telekom AG and Deutsche Post AG.

Pricewaterhousecoopers Ohrlings Pricewaterhousecoopers (2008) describes CSR as becoming a strong movement within the business community, among investors and governments because research has shown that CSR is actually value impacting. Management's handling of the physical environment, the work environment and human rights have a major affect on value sustainability, particularly during general economic downturns and generational changes in management. He discusses the need for sustainability reporting on the manner in which companies comply with their declared principles and behavioral guidelines, a practice that has begun to be seriously established among the larger corporations, but is applicable to all.

Geoffrey Heal (2008) explains a comprehensive examination of how social and environmental performance affects a corporation's profitability and how the stock market reacts to a firm's social and environmental behavior. He looks at Socially Responsible Investment (SRI), reviewing the evolution of the SRI industry and the quality of its returns. He also draws on studies conducted in a wide range of industries, from financial and pharmaceuticals to Wal-Mart and Monsanto, and focuses on the actions of corporations in poor countries. In conclusion, Heal analyzes how social and environmental performance fits into accounting and corporate strategy, presenting an executive perspective on the best way to develop and implement these aspects of a corporation's behavior.

Andrew Crane, Abagail McWilliams and Dirk Matten (2009) have pointed out that business schools, the media, the corporate sector, governments, and non-governmental organizations have all begun to pay more attention to issues of Corporate Social Responsibility in recent years. These issues encompass broad questions about the changing relationship between business, society and government, environmental issues, corporate governance, the social and ethical dimensions of management, globalization, stakeholder debates, shareholder and consumer activism, changing political systems and values, and the ways in which corporations can respond to new social imperatives.

Philipp Schreck (2009) stated that in recent times, scholars and practitioners have equally been attracted by the notion that Corporate Social Responsibility need not merely be a costly obligation to private business but can sometimes be in the very interest of companies themselves. CSR is thereby understood as a multi-dimensional and multi-relational concept which relates to the responsibilities ascribed to companies by various stakeholders. In contrast to the mainly normative discussions on CSR in Germany, this study analyses empirical antecedents and financial impacts of Corporate Social Performance (CSP). It adds to the long lasting research tradition on the business case for CSR by employing hitherto unused data on CSR. The study proposes additional statistical analyses to account for the widely neglected econometric problem of endogeneity due to simultaneous causality. Although the results indicate that CSR can be in line with economic goals in some cases, they do not support the assumption of a generic or even universal business case for CSR.

Samuel O. Idowu and Walter Leal Filho (2009) described about being socially responsible on the part of corporate entities is now no longer an option, it is part of their normal business obligations to all their stakeholders regardless of whether these are primary or secondary stakeholders. Modern societies around the world now expect corporate entities of all shapes and forms to be socially responsible in whatever they to; the "Global Practices of Corporate Social Responsibility" is a first attempt at bringing together in one book experts' accounts of how corporate entities in twenty independent nations around the world are dealing with the issue CSR. The world today faces diverse social problems. These become apparent as one moves from one country to the next, interestingly, society now expects corporations to help in finding solutions to these problems. The problem of global warming affects us all, modern corporations can no longer continue to assume that the problem will go away, if nothing is done by them. We can all make a little difference by our actions.

Sarah A. Soule (2009) examines anti-corporate activism in the United States, including analysis of anti-corporate challenges associated with social movements as diverse as the Civil Rights Movement and the Dolphin-Safe Tuna Movement. Using a unique dataset of protest events in the United States, he shows that anti-corporate activism is primarily about corporate policies, products, and negligence. Although activists have always been distrustful of corporations and sought to change them, until the 1970s and 1980s, this was primarily accomplished via seeking government regulation of corporations or via organized labor. Sarah A. Soule traces the shift brought about by deregulation and the decline in organized labor, which prompted activists to target corporations directly, often in combination with targeting the state. Using the literature on contentious and private politics, which are both essential for understanding anti-corporate activism, understanding of the changing focal points of activism directed at corporations.

Wayne Visser, Dirk Matten, Manfred Pohl, Nick Tolhurst (2010) have written a unique publication and is the culmination of over a hundred of the world's leading thinkers, opinion formers, academic and business people providing an easy-to-use guide to CSR: from general concepts such as sustainability, stakeholder management, business ethics and human rights to more specific topics such as carbon trading, microfinance, biodiversity etc.

Kao Raymond and Raymond W. Y. Kao (2010) have described how Corporate Social Responsibility is linked to long-term sustainability of an economy and that the activities of an organization should not be only for its self-interest, but must also be improved for the benefit of common good. A major approach the book advocates is corporate decision-makers in an organization should work towards earning the trust of stakeholders rather than focus on short-term profitability. It also emphasizes the importance of recognizing and rewarding the contribution and commitment by participants of an organization.

Wayne Visser and Nick Tolhurst (2010) have written comparable national profiles that describe the evolution and practice of Corporate Sustainability and Responsibility for 58 countries and 5 global regions. Each regional and national profile includes key information about the relevant CSR history, country-specific issues, trends, research and leading organizations. The purpose is to give CSR professionals (including managers, consultants, academics and NGOs focusing on the social, environmental and ethical responsibilities of business) a quick reference guide to CSR in different regional and national contexts.

Céline Louche, Samuel O. Idowu and Walter Leal Filho’s (2010) study aims to explore, inspire and support creative, innovative and strategic CSR. ‘Innovation’ means new products, services and technologies and, in addition, new organizational and institutional systems, structures and new business models that empower the organization to advance strategically in an ever more competitive business world. With contributions from a *crème de la crème* of scholars from 12 countries, Innovative CSR gathers together a cornucopia of innovative practices that will be essential reading for academics and practitioners alike.

Dinah Rajak (2011) says that under the banner of Corporate Social Responsibility, corporations have become increasingly important players in international development. These days, CSR's union of economics and ethics is virtually unquestioned as an antidote to harsh neoliberal reforms and the delinquency of the state, but nothing is straightforward about this apparently win-win formula.

2.2 CSR - NATIONAL STUDIES

C. Gopala Krishna (1992) has written that CSR as social responsibility is not a new concept of philosophy to Indian businessmen. It is a philosophy that looks at the social interest of business over the long run as compared with the short run self-interest. However, modern industrial civilization has created a new environment of challenge and struggle in which business has come to be viewed as business only. His book makes a significant contribution to this field by providing rich empirical data on the attitudes of managers at the top and middle levels of large scale public and private enterprises in India. It identifies their attitudes towards various aspects of social responsibility. It gives a detailed account of how managers perceive the concept of social responsibility, the social areas of importance, the implementation process and problems, and the need for and methods of social audit. Also, the study examines the impact of sectoral differences and management hierarchy differences on the attitudes of managers.

R. Natarajan's (2003) study examines the role of Social and Societal Responsibility as a core Value of the University and Corporate sector. The pilot study of Rajiv Gandhi University of Health Sciences, Bangalore has developed tools and techniques, and has utilized them to study the existing status of social accountability of the medical colleges in Karnataka. He indicated a rational model for initiating and sustaining University-Industry collaboration.

Dipankar Gupta (2005) stated that in order to make CSR sustainable, it is necessary to develop an ethical perspective in corporate manner. Corporate Social Responsibility must also be in tune with these imperatives and that is why all initiates on this score must be stakeholder oriented and driven by business interests if they are sustainable. According to him, there are three models of CSR - (1) competency driven, (2) community driven and (3) consumer driven.

Ravi Puranik and Viraf Mehta (2005) have made an attempt in encouraging business to embrace and practice CSR that is relevant to India. The relevance is rooted in our understanding that business can and indeed ought to contribute to "equitable development in society", and thereby impacting on poverty including processes both in their domain of operations and generally in society.

Ajit Prasad (2005) has noted that in the contemporary debate on the modern corporation and its impact on the economy, society and nation, the focus has shifted from growth with only profitability to growth with sustainable development, which includes the stakeholders. While there is considerable debate on the corporations' obligations to civil society in the Western world, in the developing countries the debate is sporadic; an effort to initiate a nationwide discourse on the concepts and practices of corporate social action in India.

Atul Sood and Bimal Arora (2006) have stated that the overall socio-economic development experience in India under different economic governance frameworks since the 1950s has given rise to a large number of interrelated concerns, including impacts on employment and distribution of income, emergence of new forms of vulnerabilities, weakened state structures, imbalanced demographics with sub-national disparities, environmental and biomass degeneration and dismal performance on several human development indicators. However, all the institutional actors, including private sector corporations, have responded to these challenges in different ways. Also, the increased focus and pressures by campaigners on corporations to not only minimize harm but also maximize benefits emanating from their operations has put many leading corporations globally in the line of fire and have had a profound influence in many countries including India.

Jayanta Bhattacharya (2007) explores the contemporary knowledge of the aspects of CSR. Interestingly, as administrative and political governance worldwide is finding it difficult to deal with the problems of the people to its dismay, there is an increasing dependence on the corporate world as one having some solutions to the problems- certainly not without the dichotomy, dispute, debate and doubt of their capability related to wealth distribution, creation of opportunities of the marginalized people and the sustenance of the natural environment. What once started as a moral plea for the corporate to share their wealth for the society and community is today, showing the signs of maturity as one being part of the business process and strategy formulation. In addition, this CSR activism is in line with the thinking of one dominant group of thinkers who believe that corporate are in better position to solve the local and also may be global problems than the politics and policies in general.

Sanjay Agarwal (2008) uses Indian examples, case studies and CSR role models from the Indian industry to explain the gap between Indian business needs and current practices. Practices and researches in economically developed counties have also been used extensively. As the Indian industry begins to enter international markets, it is going to be imperative to integrate CSR with business goals for long-term sustainability and healthy economic, social and environmental impact. He tries to understand the meaning of business beyond financial numbers and to explain how even CSR can be used as a marketing tool and for business benefits. It dwells comprehensively upon the concept of CSR, from its inception as philanthropy till its journey to a form where now it is mandatory to be sensitive about CSR in businesses.

Ramya Sathish (2008) defined Corporate Social Responsibility as “the ethical behavior of a company towards the society” to manifest itself in the form of such noble programs initiated by for profit organizations. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their business it is also vital to build trustworthy and sustainable relationships with the community at large.

Mahabir Narwal and Tejinder Sharma (2008) stated that due to the liberalization of economy, the corporate sector is making an increased effect on the rapidly transforming Indian society. The findings reveal that in a market-led economy, society holds both positive and a skeptic view of CSR activities and expects a responsible and ethical behavior from the corporations. The process of further integration of the society and business is required and the business has to reinforce the positive momentum to strengthen the confidence in the society.

According to Balakrishnan Muniapan and Mohan Dass (2008), Business is viewed as legitimate and an integral part of society according to Vedic philosophy but essentially it should create wealth for the society through the right means of action. ‘sarva loka hitam’ in the Vedic literature referred to ‘well-being of stakeholders’. This means an ethical and social responsibility system must be fundamental and functional in business undertakings. Put in simple business sense, the organisation would sustain long-term advantages and obtain profits if it conducts its businesses ethically and be socially responsible. Vedic literature on business profoundly states - “May we together shield each other and may we not be envious towards each other. Wealth is essentially a tool and its continuous flow must serve the welfare of the society to achieve the common good of the society” (Atharva-Veda 3-24-5). The Vedic philosophy insists that quality of work and service needs to be achieved in the business process model for long-term sustainability, besides an equitable redistribution of wealth after having acquiring it. This core principle of Corporate Social Responsibility expounded by the Vedic literature is being reengineered in the modern business models, namely, Total Quality Management (TQM), Business Process Reengineering and Triple Bottom-Line Sustainability.

In the Bhagavad-Gita, the key principles of Vedic philosophy is re-cemented in the Indian mind on the basic moral understandings required to achieve salvation through transcendental knowledge, the obedience to law of karma, self-realization, and the performance of actions under the framework of Vedic sciences. The Bhagavad-Gita is accepted as a universal body of knowledge and remains as a lifelong scientific and spiritual model for mankind. It triggers the search for self-realization and appropriate right action in the material driven world. Sri Krishna says in the Bhagavad-Gita (3–13), that all sorrows from the society would be removed if socially conscious members of a community feel satisfaction in enjoying the remnants of their work performed in yagna spirit (selfless welfare of others). In short, the Indian philosophy on business management is to inculcate Corporate Social Responsibilities.

V.V.S.K. Prasad's (2009) study deals with the nature and extent of CSR initiatives under taken by Indian companies and to study its relevance in business. Even much before the issue became a global concern, India was aware of CSR, due to the efforts of organizations such as the Tata Group (Around 66 per cent of Tata Sons, the holding group of the Tata Group, is today owned by a trust). Corporate companies like ITC have made farmer development a vital part of its business strategy and made major efforts to improve the livelihood standards of rural communities.

Sanjay Kumar Panda (2009) explains the concept of CSR, its global scenario and the Indian scene. This is followed by its chronological history and present status among Indian Corporates. For ages, much before the advent of corporate form of organizations, the rich in India had discharged their social responsibility through philanthropy as enjoined by their religions. Most of the bigger Corporates have also joined the CSR bandwagon on their own volition or forced by legal and societal pressures. He lays out priority areas, attention to which would help Corporates themselves and also the nation in the long run.

Mira Mitra (2009) described the role of Corporate Social Responsiveness in society has always engaged social theorists and activists. Her work engages with the historical, political, social and developmental issues relevant to this debate in an Indian context using both cases from Indian industry and relevant International perspectives. Mitra also argues for a reassessment of the roles of business, government and civil society engagement.

V. Balachandran and V. Chandrasekaran (2009) highlighted a number of high profile scandals involving Corporates coming to light in recent times, the need for transparency, accountability and corporate responsibility to the society has become more crucial than ever before. More so because, with the liberalization and globalization of the business, companies have to establish a good corporate governance system to satisfy their stakeholders, shareholders, the management, the employees, and the public, realizing that, in the ultimate analysis, Corporates have continuing responsibility towards the nation and its people. They addressed the contemporary ethical, legal and environmental issues and concepts in the corporate business world. Their study highlights the various codes of conduct, concepts, guidelines, rules and regulations of various legislations in relation to good ethical business practices. Besides, it deals with various issues and factors underlying corporate governance and suggests their remedies. It gives an account of the CSR practices by Indian Corporates, various legislations governing corporate social responsibility. It highlights contributions made to CSR by Corporates through NGOs. It also provides guidelines for ethics to be maintained by various professionals.

Nihar Mohapatra, Tapas Ranjan and Arjuna Charan Behera (2009) explained that an innovation model is being implemented by corporate world to build brands in the rural market. Organizations are instigating social responsibility campaigns in the rural areas, which also exhibit the potencies and the values that a brand illustrates. These campaigns create valuable words of mouth publicity for the brand in the oral socialist culture of rural India, which the short ten second commercial advertisements are not in a position to do. Corporate world needs to build a social responsibility campaign around the business model of the organization and strengths and values that are depicted by the brand. Then only the campaign can be useful to build brand in the rural areas. Rural people can become a viable market for the corporate with a developmental approach of social marketing. Organization can launch social responsibility initiatives in order to build brands in the rural areas. The social responsibility initiatives are far more effective in building brands in rural market than the commercial advertisements.

Ashwani Singh and Prema Sagar (2009) have explained with quotation of Bhagawat Gita, Chapter 2:

> "On action alone be thy interest,
> Never on its fruits.
> Let not the fruits of action be thy motive,
> Nor be thy attachment to inaction".

They argued that Spirituality and Corporate Social Responsibility 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 texts and initiatives anchoring Corporates as responsible citizens has been amply evident in India since the early days. Viewed from this perspective, public relations professionals are the custodians of trust for the corporate world. While the global spotlight today focuses on debates on corporate trust, India can proudly flaunt a head start in this arena.

Suresh Kumar Pramar (2009) explained how the current global financial crisis has impacted Corporate Social Responsibility in India adversely. Business house, trying to restructure their resources, have run the red line through CSR budgets. CSR managers claim that managements have issued instructions to put on hold all new CSR projects. Budgets for many ongoing projects have also been curtailed. The global financial crisis has helped strengthen the belief that CSR, for most Indian business houses, was not a very serious issue.

Madhumita Chatterji (2011) explored the core concepts of CSR and explained them through numerous examples, mini cases, exhibits, and case studies. This study explores the role of various institutions, the processes of integrating CSR into the strategic framework of organizations, and sustainability and its challenges. Further, it provides a framework for CSR reporting, an insight into the CSR practices prevalent in India, and a thematic representation of the global scenario.

Bidyut Chakrabarty (2011) examined Gandhi's philosophical moorings that inform India's approach to CSR, and the role of civil society in setting an agenda for championing the rights of the stakeholders. The study focuses on the role of the government in grooming the Indian business to be sensitive of its social concerns.

C. B. Bhattacharya, Sankar Sen and Dr. Daniel Korschun (2011) wrote that the corporate social and environmental responsibility movement, known more generally as Corporate Responsibility (CR), shows little sign of waning. Almost all large corporations now run some form of corporate responsibility program. Despite this widespread belief that CR can simultaneously improve societal welfare and corporate performance, most companies are largely in the dark when it comes to understanding how their stakeholders think and feel about these programs. They argue that all companies must understand how and why stakeholders react to such information about companies and their actions. It examines the two most important stakeholder groups to companies - consumers and employees - to comprehend why, when and how they react to CR. Armed with this insight, it shows how companies can maximize the value of their CR initiatives by fostering strong stakeholder relationships to develop, implement and evaluate compelling social responsibility programs that generate value for both the company and its stakeholders.

Pushpa Sundar (2013) explained that Business Community is a historical narrative which highlights emerging critical issues and the achievements as well as deficits of Indian CSR. Its objectives are threefold:

- To enhance public knowledge, understanding and appreciation of what Indian business has contributed to society.
- To study the business community as a whole, especially the younger generation, by highlighting exemplary history of Indian CSR.
- To identify the factors which inhibit or encourage CSR so as to enable business and government to take appropriate action.

It shows that CSR in India cannot be conceptualized in ethnocentric terms. Arguing that it is not about 'the typical Indianness' of the articulation, it emphasizes the point that CSR in India needs to be conceptualized in a wider perspective by taking into account its philosophical roots with reference to the prevalent socio-economic and political context.

2.2.i Kautilya's Arthashastra and CSR

Kautilya's Arthashatra is one of the ancient Indian literatures which had provided some insights to CSR, although the context was written for his King (Chandragupta Maurya) to govern the state. The roots of the Arthashatra can be traced from the Rig Veda. The Arthashastra deals primarily with economics and politics. In chapter 59 of Santiparva, of the Mahabharata, the details of state administration in an organized society are provided. It is called Niti Sastra, which was composed by Brahmadeva and summarized by Sukracarya. Other sages such as Bharadvaja, Gaurisira, Yajnavalkya and Manu also stated this science. In Santiparva, the subjects of Rajadharma, mentioning the duties of the kings are elaborated (Kodandaramayya, 2004 cited in Muniapan and Shaikh, 2007).

R. Shamashastry was the librarian of Oriental Library in Mysore found a copy of the Sanskrit text of the Arthashatra in a palm-leaf book, edited, and brought out an English "Corporate Social Responsibility: a philosophical approach" 417 versions in 1909. It created waves in the western world. It was discovered that the Arthashatra written hundreds of years earlier provides a complete manual for running the state efficiently in all the branches, legislature, executive and judiciary. It also includes all aspects of state administration such as establishing a governing hierarchy, selecting people, levying taxes, to laying down laws, to decide punishments for breaking the law, etc. (Muniapan and Shaikh, 2007). In his Arthashatra, Kautilya maintained that a king (leader or CEO in the context of organization) should have no self-interest, happiness and joy for himself, his satisfaction lies in the welfare (happiness) of his people, i.e. he has to submerge his personality into the larger personality of his people. This is based on the cultural ethos of self-abnegation. Kautilya states in the happiness of his subject lies the happiness of the king; and in their welfare lays his welfare. He shall not consider as good only that which pleases him but treat as beneficial to him, whatever pleases his subjects.

"*Bahujana Sukhaya Bahujana Hitayacha*" – the welfare of many is the happiness of many. In fact the concept of happiness of many, need to be integrated into the area of corporate management as the basic principle. This ancient wisdom is also reflected in other languages. Two thousand years ago, Thiruvalluvar in Tamil Nadu wrote the Thirukkural and just like Kautilya's Arthashastra, he also dealt with the characteristics of a well-run administration or socially responsible organizations. For instance, when talking about the responsibility of a king (leader), Thiruvalluvar says: "*Murai saithu kapatrum mannavan makkalkku iraiyentru vaikkapadum*" (the king who administers justice and protects his people will be considered of divine quality; Vittal, 2004). Thiruvalluvar also says: "*Irai kakkum vayyakam ellam avanai murai kakkum muttacheyin*" (the king protects the world and if he acts according to justice or dharma, then justice itself will protect him). If a person rules according to dharma, that dharma itself will protect him (*dharmo rakshati rakshitaha*). In the Indian context, this example can be seen in Ramayana, when Sri Rama (King) had to make the painful decision to banish Sita (Queen) from Ayodhya. Sri Rama as an ideal king had to uphold the honor of his dynasty. He needed to set examples for all generation to follow. Although Sri Rama's decision to banish Sita may seem to be harsh, the king sometimes needs to be harsh, as the first duty of the king is to rule his people while other considerations are secondary, even if they affect personal happiness (Muniapan, 2005b; Muniapan and Shaikh, 2007).

There are also similar advices in Shantiparva of the Mahabharata, wherein the public interest (welfare) is to be accorded precedence over his (leader's) interest. A leader (king) should, without doubt, look upon the subjects as his children. In determining their disputes, however, he should not show compassion. In performance of his duties, he is enjoined to be impartial. In the ancient India, the leader (King) is often compared to the rain clouds, which bestow benefit, through rain (actions), to all and sundry, equally. In the context of corporate management, the organization's (state) leader is a catalytic change agent. The Arthashastra views are wider and more comprehensive in this regard. The leader (King) is the maker of his time. The important qualities and duties of the king are obtaining what has yet to be obtained, protecting what has been obtained, and increasing and properly using what has been obtained. Kautilya laid down three main responsibilities of a leader (king), they are *raksha* which means security, *palan*, which means growth and *yogakshma*, which means welfare. The meanings and the context of the three responsibilities differ depending upon the environmental context (Balakrishnan Muniapan, Mohan Dass, 2008).

2.2.ii The importance of Trust

Research by Burson Marsteller, called "Building CEO Capital" reveals dramatic findings. After speaking with more than 1,100 business influential, CEOs and other senior executives, financial analysts, institutional investors, the business media and government officials in the United States, the research infers that the CEO's reputation is a key factor in a company's reputation. In fact, the research data reveals that -

- CEO reputation accounts for a staggering 48 per cent of a company's reputation.
- Companies whose CEOs were rated "most admired" achieved a 13 per cent compound annual shareholder return over a three-year period. Companies with CEOs who were rated less favorably delivered a negative return.
- Eighty-eight per cent of respondents said that the CEO's reputation would influence whether they would recommend a company as a good place to work. Ninety-four per cent would believe the company if under media pressure. Ninety-two per cent would maintain confidence in the company when share price is lagging.

The growing importance of trust is also embedded in a number of other developments:

- The rise in the number, influence and sophistication of non-governmental organizations that monitor, track and inspect global corporate players. Less than 30 years ago, there were 1,400 NGOs. In 1995, there were nearly 30,000. Today that number has grown 10 fold.
- An increase in shareholder activism. Of the 700 shareholder resolutions filed in the US in 2002, more than one third of them were based on social issues.
- Greater disclosure requirements of social and environmental performance as part of their "new economic regulations" by Governments, particularly in Europe.

Just three years ago, the concept of triple bottom line reporting, that means assessing and providing an accounting of a company's social, environmental and economic impact and performance was embraced by only an enlightened few. Today, such reporting is embraced by the majority to prove they are acting responsibly.

2.2.iii The recognition of the importance of Trust in India

Respect is, in some ways, an intrinsic part of Indian culture. The Indian ritual of touching the feet of elders is a good example of how respect manifests itself in everyday life. This transcends into the corporate world. For decades now, since Independence, corporate majors such as the Tata and Birla group companies have led the way in making Corporate Social Responsibility an intrinsic part of their business plans. These companies have been intensely involved with social development initiatives in the communities surrounding their facilities. Jamshedpur, one of the prominent cities in the northeastern state of Bihar in India is also known as Tata Nagar and stands out as a beacon for other companies to follow.

Respect is a much sought after tag in the Indian corporate world. This is one of the reasons for the immense popularity of The Most Respected Companies of India survey, initiated by one of India's premier business magazines, Business World in 1983, long before skeletons began toppling out of the corporate closets around the globe. In fact, the magazine admitted in a cover feature following its first survey that the overwhelming reader response to its first ever ranking of corporate reputations indicated that "there is a great deal of interest within the management community in the subject of corporate reputations" and that this interest was "more than academic". Respect, as viewed by the survey was an aggregation of two broad parts of a company's deliverables: quantitative (like profitability) and qualitative (like community responsibility). The parameters for corporate respect in this survey are wide ranging: Overall quality, top management leadership, depth of talent, belief in transparency, ethics, social responsiveness and environmental consciousness.

2.2. iv Criteria for ranking India's most respected companies

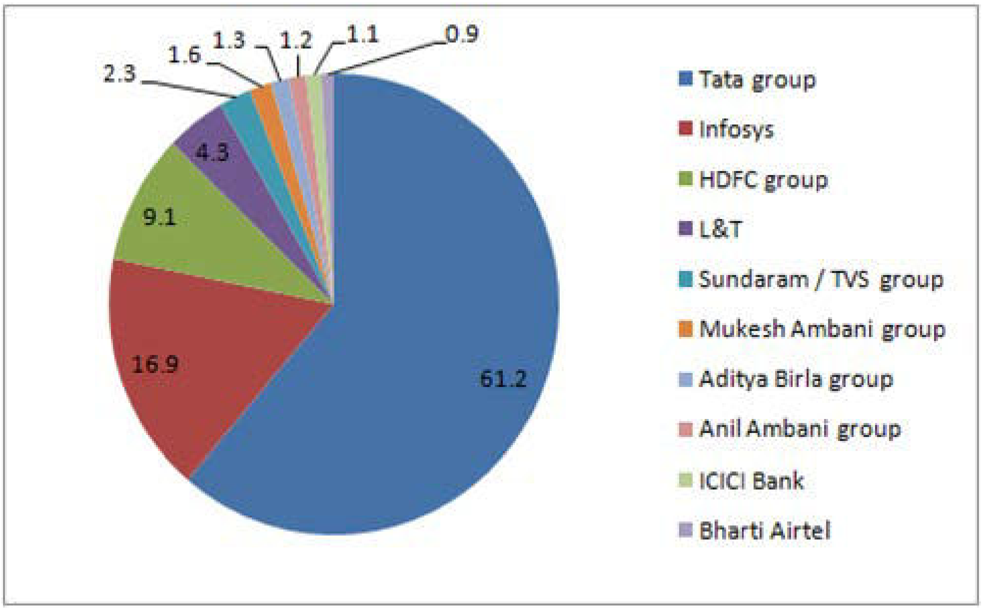
The survey clearly reveals that impressive financials are not enough to earn respect. You were respected not because you were big and powerful, but because you were transparent, your stakeholders trusted your policies, your HR guidelines were fair, you were ethical, and you contributed to society. Transparency and ethics were the most important factors of contribution. "Respect is the first thing we look for when doing anything" says N.R. Narayana Murthy, Founder of Infosys Technologies, the company that was crowned one of the Most Respected Companies in the survey. "At the end, respect comes to people who do desirable things and who can be trusted. When you make a statement, people should say, we believe". It is no surprise that Narayana Murthy holds J.R.D. Tata in great esteem as an icon. The first name that comes to any Indian on the subject of CSR is that of the Tata Group.

Criteria for ranking CSR Activities

No. of times chosen by respondents	Overall quality	Top management leadership	Depth of talent	Ability to attract talent
Belief in transparency	Ethics	Social responsiveness	Environmental consciousness	Quality of products/services provided
Belief in customer satisfaction	Track record of company	Dynamism	Speed of response to change	Continuous innovation
Global competitiveness	Consistent corporate performance	Returns to shareholders	Value for stakeholders	Ability to cope with recession

Source: Businessworld, January 2003

10 Most Trustworthy Indian Corporate Groups



Posted by: Ankit Agarwal, Equitymaster Survey, India, 2011

There has been a long history of CSR in India and the TATAs have been the role models on this path. The chairman of the TATA Group, Ratan N. Tata, explains "We do not do it for propaganda. We do not do it for publicity. We do it for the satisfaction of having really achieved something worthwhile". The TATA Business Excellence Model integrates social responsibility into the framework of corporate management wherein social responsibility is encapsulated as Key Business Process. In fact all social service departments in TATA companies have annual programs and budget and all this is aligned to the MD's Balanced Score Card. Corporate Social Responsibility programs at the TATA group of companies extend across a wide spectrum including rural development, community development and social welfare, family initiatives, tribal development and water management.

About 7000 villages around Jamshedpur and Orissa benefit from development programs run by the Tata Steel Rural Development Society (TSRDS). Programs of TSRDS cover issues like education, irrigation, afforestation, adult literacy, vocational training, handicrafts and rehabilitation of the handicapped persons. The Community Development and Social Welfare Department (CDSW) at Tata Steel carries out medical and health programs, blood donation drives, mass screening of Tuberculosis patients immunization camps and drug de-addiction. In 1999, Tata Steel embarked on an AIDS awareness program, which has now become an integral part of all training programs. Routine activities like immunization programs, sterilization operations and mother and child health care programs are conducted through 9 family welfare centers, 9 child clinics and 6 community-based clinics. In fact, Tata Steel's Centre for Family Initiatives (CFI) was successful in influencing 59 per cent of Jamshedpur's eligible couples practicing family planning, compared to the national figure of 35 per cent. A commitment to the welfare of the community has long been central to the value system of companies in the Tata Group. To build upon this heritage the Tata Council for Community Initiatives (TCCI) has created the Tata Guidelines on Community Development, an effort of over three years from the field evolved into a framework of best practices (Singla A. et al 2009).

The Birla group of companies is also among the pioneers in the field of Corporate Social Responsibility in India. As part of the Aditya Vikram Birla Group's Social Reach, the Birla group runs as many as 15 hospitals in India and also includes Adult education conducting as many as 78 schools all over India, rehabilitates handicapped persons having touched more than 5000 physically challenged individuals. More than 1,00,000 patients have been examined under the Group's medical programs. Over 15,000 children along with 2000 pregnant women have been immunized, over 500 cataract patients operated, 2000 TB patients provided medical care, 100 leprosy-afflicted attended to free of cost (Singla A. et al 2009).

It also provides Vocational Training, having provided training to over 3000 women and having distributed over 1400 tool kits in a variety of areas like electrical, auto repair, electronic equipment maintenance and repair and tailoring. It has adopted several villages under its Village Infrastructure Development program and has provided extensive training to over 10,000 villagers in its Carpet Weaving Center.

Beyond the Private sector, corporate players in India's public sector too have been actively involved in Corporate Social Responsibility initiatives. Most public sector units in the heavy engineering industry have not only set up a township around the plant, but also established a school, a hospital and several other civic facilities for its employees and those that live in that area. Private sector companies have been encouraged to undertake rural development programs down the years through fiscal incentives by the government. For instance, special benefits are offered in the industrial policy to companies that set up industries in backward areas and tax incentives are also offered to companies that set up water purification projects. In India, it has also been noticed that when it comes to individual CSR activities, the 'anonymous' donor mentality prevails. That most people tend to keep a low profile was confirmed by The Economic Times, a leading business daily in India. It conducted a straw poll and talked to several professionals involved in the field and NGO circuit to get an idea about the leading lights.

With the intense spotlight on the subject, the interest in Corporate Social Responsibility is spreading in India as well. The Corporate Social Responsibility Survey 2002 - India, jointly conducted by the United Nations Development Program, British Council, Confederation of Indian Industry and PricewaterhouseCoopers, covering 19 industry sectors reveals that this interest is growing as more and more companies in India are keen to project themselves as good corporate citizens. This was the most important factor driving CSR in India, according to the survey. Good corporate citizenship and CSR initiatives are inextricably linked with improved brand reputation, which is one of the most important drivers of CSR identified by the respondent companies. The other key drivers of Corporate Social Responsibility in India were diverse ranging from stated philosophy of founding fathers to improving relationship with local communities to enhanced shareholder value.

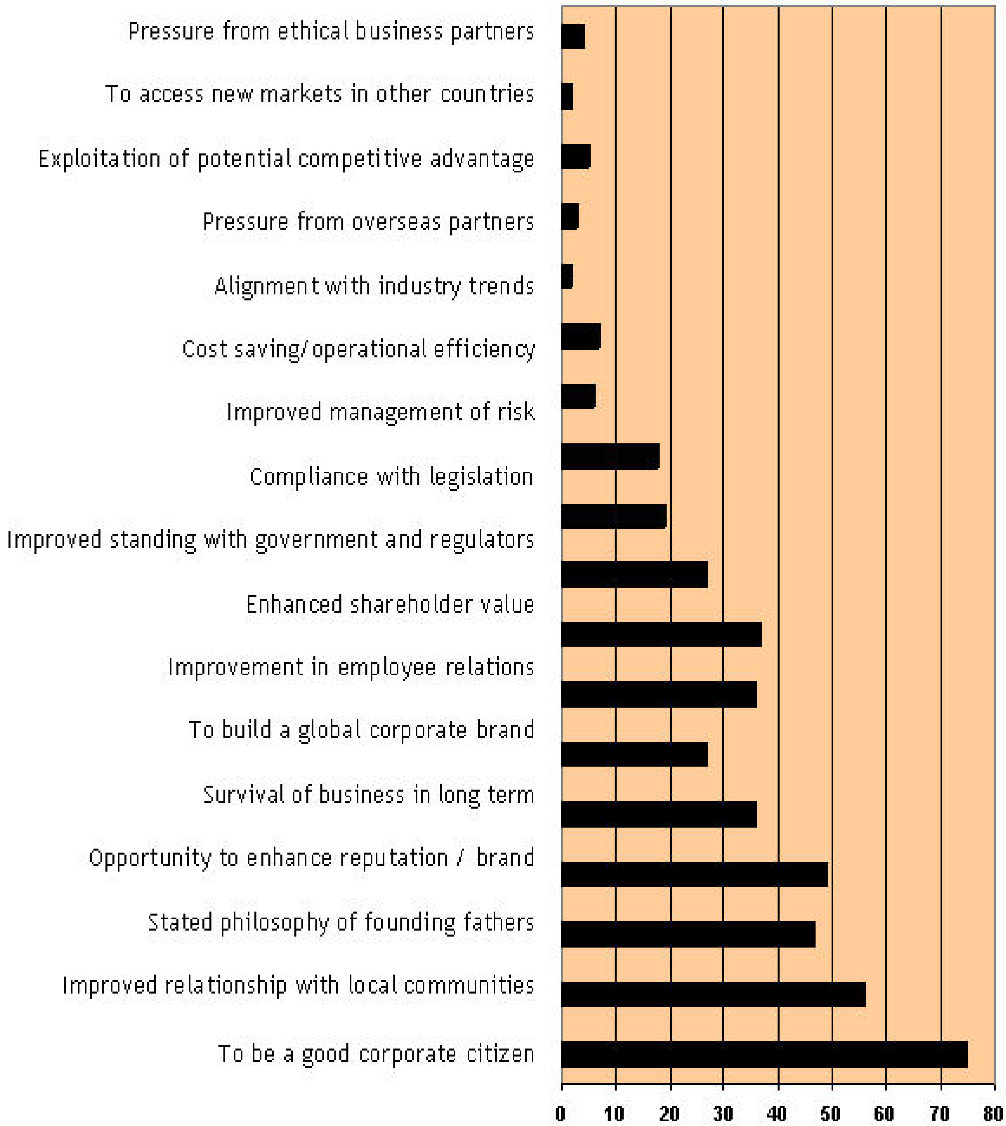
As part of the survey, over 100 companies ranging from large to mid-sized corporations responded to questionnaires sent to around 1,000 companies during September-October 2002. Besides, a group of researchers conducted an in-depth study of CSR programs in top business houses. The respondents unanimously acknowledged that social responsibility was no longer an exclusive domain of the government and CSR is much more than "passive philanthropy". "India has a strong tradition of philanthropy", states the foreword to the survey, "It is encouraging to note that many are beginning to make a shift from a tunnel vision on Corporate Social Responsibility to an integrated model that mainstreams through business vision and processes". In fact the most striking feature of the survey was the overriding response that 'passive philanthropy' alone no longer constitutes CSR.

2.2.v Drivers of CSR

The Survey broadly categorizes the main types of CSR activities undertaken by Indian Corporates as under: This is a reflection of the role that public relations play in generating trust through Corporate Social Responsibility. Public relations, in fact, is the social face of an organization driving stakeholder relationships. This connect has only reinforced this role, often lost in the myopic vision of media relations, as companies are focusing on communicating their CSR initiatives through multiple platforms, transforming their websites, issuing reports and signing up to speak on conference panels.

As professionals who have been avid observers of Corporate Social Responsibility initiatives in India and intensely involved as they link in with public relations, it is extremely important to point out the need to take into account the sensitivities and sensibilities of the Indian populace while undertaking such programs. The importance accorded to respect for elders, relationships and family values are the pillars upholding the symbiotic relationship between the community and businesses in India. The deeply engrained belief in karma as espoused by the Bhagwad Gita extends into the role of business in this society breaking across the barriers of culture, religion and language. Well-advised multinationals operating on Indian soil like Ford India and Cargill have shown deep respect for local sensitivities and pride.

Figure - Drivers of CSR



Source: Corporate Social Responsibility Survey 2002 – India (United Nations Development Programme, British Council, CII, Price Water House Coopers)

Navigating this sometime difficult environment presents businesses with new challenges yet also offers new opportunities. But sound practices and relationships with stakeholders better prepare to deal with unique issues thrown up by distinct regions. It is however important to ensure that at every level, employees involved in CSR activities understand their role in making certain the company follows through on its commitments. This is where public relations come in. Formally or informally, it has been bridging the gap between trust and CSR initiatives in India, making the Indian experience a success.

According to a survey carried out in June 2008 by TNS India (a research organization) and the Times Foundation, over 90 per cent of all major Indian organizations surveyed were involved in CSR initiatives. In fact, the private sector was more involved in CSR activities than the public and government sectors. The leading areas that corporations were involved in were livelihood promotion, education, health, environment, and women's empowerment. Most of the CSR ventures were done as internal projects while a small proportion were as direct financial support to voluntary organizations or communities.

2.3 CSR - GUJARAT STUDIES

The state of Gujarat, known as the Growth Engine of India, is now moving towards leadership in knowledge advancements based on the pillars of innovation and sustainability. Gujarat, known for its rapid industrialization, has also emerged as one of the most suitable platforms for launching Corporate Social Responsibility initiative. A study conducted by The Associated Chamber of Commerce and Industry of India (ASSOCHAM) is anything to go by, the state is the second most sought after by the India Inc. for the CSR play. It stands second with share of 11.62% in total CSR activities, while Maharashtra tops the chart with total share of 35.68%. Delhi (9.66%), Tamil Nadu (9.17%) and Andhra Pradesh (7.04%) are the other states with the highest CSR activities.

The study "India Inc. and CSR areas" further reveals that from the 300 Indian companies, which had been grouped under 18 broad sectors based on their economic activity, the maximum initiatives have been undertaken by almost 74 companies engaged in chemical sector, accounting for a share of 12.11%. The 62 companies in FMCG (Fast Moving Consumer Goods) and consumer durable space are placed at second position with a CSR initiative's contribution to the extent of 10.15%. With 53 companies, the textile sector occupied third place with effective CSR initiatives, contributing a share of 8.57%.

According to industry officials, blue print of the industrial policy draft also found mention about CSR, but due to vehement opposition from the industry body the government was compelled to step down from its stance on the issue. “There were also apprehensions amongst the industrialists that CSR could be made mandatory for the Corporates and industry associations here. But that has not happened", industry sources said. The policy said that investors should participate in efforts of all round development and improvement of quality of life. Releasing the study report, ASSOCHAM president Sajjan Jindal said, "Out of the total 26 activities, community welfare perceived to be the top priority area on the corporate sector's list with a share of 21.93%”.

The government of Gujarat has, in its newly announced industrial policy, refrained from making Corporate Social Responsibility mandatory. It has also rechristened CSR as “Wealth with Social Health". Previously the Gujarat government had made it mandatory for state-run public sector enterprises to contribute 30% of profit before tax for social causes as part of their CSR that is now optional in the new industrial policy. This report states that the policy now reads “Business entities should synergize with the state to improve social health in surrounding areas, so we intend to develop a flexible and optional arrangement between the state and business. Principal Chief Industrial Advisor R J Shah said, "Corporate Social Responsibility has been made optional in the new industrial policy".

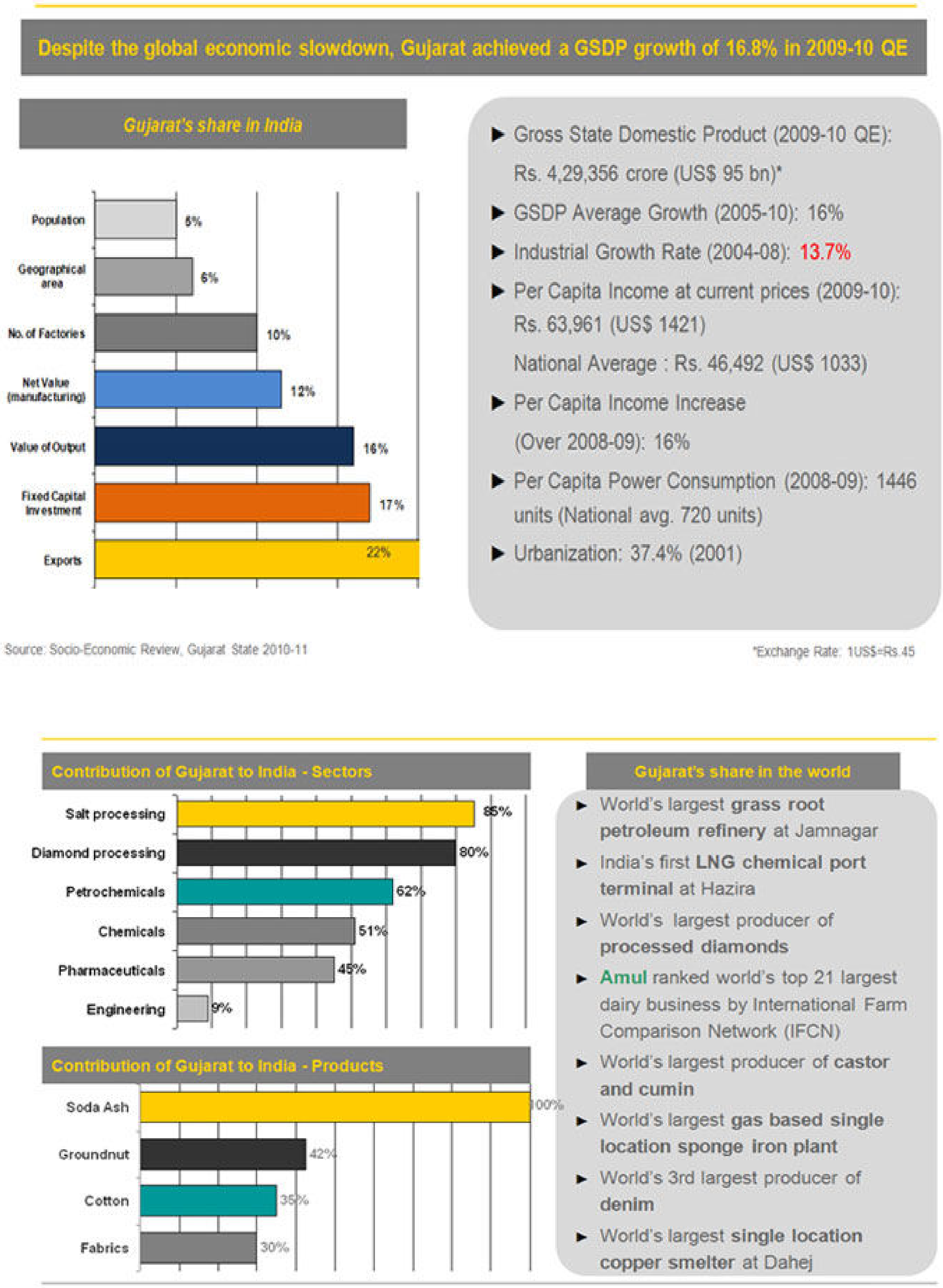
Mihir R. Bhatt (2002) explained that Corporate Social Responsibility can potentially act as a responsible partner that works towards evolving a capable and efficient disaster management system in the Gujarat state is gaining currently. However this too necessitates serious documented studies on the strengths, weaknesses, opportunities and threats that the sectors is posed with as well as bring along while working in the field of disaster management.

Even some of the most leading companies have been actively participated in the development of societies of Gujarat. For example, as part of Rs.10 million Corporate Social Responsibility project, India's largest private company, Mukesh Ambani led Reliance Industries (RIL), has built a market and created a garden for commercial plants in a Gujarat village. The market, set up by Reliance as part of a project to develop the village Moti Khavdi in the state's Jamnagar district, will accommodate shops for eatables, vegetables, spices, clothes and cutlery and shoes. The shops will provide 46 hawkers a permanent place to sell their goods. A RIL spokesman said the project would give the village, some 350 km from here, a new look. Reliance group company Reliance Petroleum has set up a 29-million-tonne per annum high-complexity petroleum refinery in the Jamnagar special economic zone. Moti Khavdi village is adjacent to the plant site.

Gujarat Chief Minister Shri Narendra Modi (2013) recently stated that funds for CSR usually go for development of hospitals, making dams or other purposes, Modi said, "I think some percentage of CSR funds should directly go towards promoting Research and Development and innovation. We will try and start from the state PSUs like GNFC on how they can contribute in setting up a capital fund to promote innovation", while addressing an Innovation Symposium as a part of the Vibrant Gujarat summit. Highlighting the importance of innovation, Modi said, "An idea can change things dramatically, and scientific way of doing things can bring about a change." There are over a dozen PSUs of which six - GNFC, GMDC, GFSC, GIPCL, GACL, GSPL are listed companies of the Gujarat government on bourses and a few of them have been among the top tax payers from the state.

Earlier in 2008, Gujarat PSUs were directed by the government to shell out 30 per cent of their profit before tax (PBT) as part of their CSR. The contribution was for Gujarat Socio Economic Development Society, a body formed to utilize the PSU funds towards social development. The move had triggered uproar as shareholders of the listed PSUs had opposed it, alleging that their profit share was not meant for "charity".

Figure – Socio-economic Review



2.3. i Special Economic Zones (SEZs) in Gujarat:

There are 55 SEZs present in Gujarat, covering an area of approximately 27,125 hectares. Gujarat has 3 operational SEZs, covering an area of 506 hectares, which are-

1. Kandla SEZ
2. SUR SEZ

3. Surat Apparel Park

- ✓ 7 Notified and Operational SEZs, covering an area of 9,810 hectares
- ✓ 15 Notified SEZs are present, covering an area of 6,114 hectares
- ✓ 22 formally approved SEZs in Gujarat, covering area of 7,702 hectares
- ✓ 8 In-principle approved SEZs covering an area of 2,993 hectares

These SEZs are involved in several sectors such as - Biotechnology, Power, Handicraft/Artisan, Gems and Jewellery and Port based multiproducts.

2.3. ii Sectorwise SEZs in Gujarat:

IT/ITes (15): Electronic SEZ(GIDC), Million Minds SEZ (Ganesh), Shivganga Real Estate Holders, City Gold Realtors Pvt. Ltd., Adani Township & Real Estate Co. Pvt. Ltd., 3rd Eye Voice SEZ (Calica), Nipiam Infotech Pvt. Ltd., DLF SEZ, Tata SEZ, IT/ITeS SEZ(GIDC), Aqualine Properties SEZ (Raheja), SGV Infrastructure, L&T Ltd., Strength Real Estate (Raheja), Gaurinandan Property Holder.

Multi-Product (10): Kandla SEZ, SUR SEZ, Dahej SEZ, Reliance SEZ, Dholera SEZ(Adani), Essar SEZ, Sterling SEZ, Mundra Ports & SEZ Ltd(SEZ-1), Indian Infrastructure Corporation Ltd., Mundra Ports & SEZ Ltd(SEZ-2).

Engineering (9): Gallopse SEZ (NG Realty), Essar Hazira SEZ, Suzlon SEZ, Dishman SEZ, Ruchi Flat Steel SEZ, PSL Limited, Welspun Anjar (SEZ-1), E Complex Private Limited, Welspun Anjar (SEZ-2).

Others (8): Biotech Savli SEZ(GDIC), Adani Power SEZ, Gems & Jewellery SEZ, Ceramic SEZ, LMJ Warehousing Pvt. Ltd.(FTZW), Gujarat Finance City Development(GIFT) Company Ltd, GGDCL Handicraft & Artisan(GIDC), Non-conventional energy.

Textiles and Apparels (4): Surat Apparel Park SEZ, Ahmedabad Apparel Park SEZ, Pradip Overseas Ltd, Jindal Worldwide Limited.

Chemical (4): Jayant SEZ, Jubilant Chem SEZ, Gujarat Hydrocarbon & Energy SEZ Ltd., Asia Pacific Corporation Ltd.

Pharmaceuticals (4): Pharmez (Zydus), Phaez (CPI), Dishman Pharma SEZ, JB SEZ.

Port Based (1): Kandla Port Trust SEZ.

2.4 CSR - VADODARA STUDIES

Many studies have been done by scholars on industries of Gujarat regarding CSR initiatives. A few studies have been found in the context of Vadodara region on CSR. Mona A. Nargolwala (2006) deals with CSR activities of major industries in Gujarat with respect to community development programs.

Sailaja S. Raijada's (2008) work deals with factors affecting CSR undertaken among the multinational companies of Gujarat, perceptions of employees about the performance of CSR process undertaken in companies.

Bimal Bhatt (2008) has written that Social Responsibility has emerged as a major concern in a global economy. Globalization, liberalization and the shrinking of governments have changed perceptions on how the greater common good can be achieved. The relationship between companies and civil society has migrated from paternalistic charity to a repositioning of the roles, rights and responsibilities of business in society.

Kedar Shukla's (2011) study examines the approaches to Corporate Social Responsibility of selected companies of Air conditioning industry in India. The researcher found out that the air-conditioning industry executives are very clear on their perception about the desirability of ethical behavior towards stakeholders and challenges to work towards healthy atmosphere with socially responsible manner.

2.5 JUSTIFICATION

Available literature on Corporate Social Responsibility is mainly dealing with the corporate governance, business operations and policies, integrating the interests of stakeholders, etc. A scanty research was undertaken to focus the social values, norms, corporate ethics, proactive initiatives, etc. No known research has been found to study the Corporate Social Responsibility sociologically. Hence, here, an effort has been made to study how the corporate world in this part of the country, that is, Vadodara, meeting the needs of the needy sections of the society in particular and society at large.

CHAPTER - 3

CONCEPTUAL FRAMEWORK AND

STRATEGY OF INQUIRY

CHAPTER - 3

CONCEPTUAL FRAMEWORK AND STRATEGY OF ENQUIRY

INTRODUCTION

Several theoretical frameworks have been used to examine Corporate Social Responsibility. The agency theory perspective has been challenged by many researchers, such as Preston (1978) and Carroll (1979), who outline a Corporate Social Performance (CSP) framework. As exposited by Carroll (1979), this model includes the philosophy of social responsiveness, the social issues involved, and the social responsibility categories (one of which is economic responsibility). An empirical test of the CSP framework is presented in the work of Waddock and Graves (1997), who report a positive association between CSP and financial performance. The CSP model has much in common with the stakeholder perspective, which is the most widely used theoretical framework.

3.1 THEORETICAL PERSPECTIVES

The first stream of literature is embedded in the neo-classical approach that adapts to the contemporary economic environment. The famous Milton Friedman's (Friedman, 1970) statement is that the social responsibility of the firm is to make profits. The second stream refers to a neo-contractualist approach, mainly developed by Lorenzo Sacconi (2004, 2005), that can be considered as an insightful application of incomplete contracts theory, strongly characterized by a contractualist-oriented ethical perspective. The third stream is the relational approach developed by Bruni and Zamagni (2004), which takes the issue of social reproduction into account in the description of the economic system, thereby looking at firms as producers of socially provided goods (Sacco, 2007).

3.1.i Philosophical Approach

A review of literature in CSR shows that there are thousands of articles which have been written by several scholars on this subject from numerous perspectives, but limited articles were written about CSR from the philosophical, historical and the ancient perspectives. In the Indian context, the origin of CSR can be traced from the Vedic literatures such as the Valmiki Ramayana, the Mahabharata (includes the Bhagavad-Gita) and the Puranas. These literatures were written more than 5,000 years ago in Sanskrit language. However, the CSR philosophy from Kautilya's Arthasastra, which was also written in Sanskrit in the 4th century BC based on hermeneutics, a qualitative research methodology which involves study, understanding and interpretation of ancient or classical text. In nutshell, the Kautilya's Arthasastra provides an inside-out approach to CSR, which is development of the individual leader's self conscience, contrary to the western approach that takes an outside-in perspective. The leaders and the role they play in corporations are crucial in ensuring transparency, good conduct and governance towards the ultimate aim of achieving CSR.

3.1.ii Instrumental Theories

In this group of theories CSR is seen only as a strategic tool to achieve economic objectives and, ultimately, wealth creation. Representative of this approach is the well-known Friedman view that ‘‘the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country’’. Instrumental theories have a long tradition and have enjoyed a wide acceptance in business so far. As Windsor has pointed out, ‘‘a leitmotiv of wealth creation progressively dominates the managerial conception of responsibility’’ (Windsor, 2001, p. 226).

Concern for profits does not exclude taking into account the interests of all who have a stake in the firm (stakeholders). It has been argued that in certain conditions the satisfaction of these interests can contribute to maximizing the shareholder value (Mitchell et al., 1997; Odgen and Watson, 1999). An adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits (McWilliams and Siegel, 2001). In practice, a number of studies have been carried out to determine the correlation between CSR and corporate financial performance. Of these, an increasing number show a positive correlation between the social responsibility and financial performance of corporations in most cases (Frooman, 1997; Griffin and Mahon, 1997; Key and Popkin, 1998; Roman et al., 1999; Waddock and Graves, 1997). However, these findings have to be read with caution since such correlation is difficult to measure (Griffin, 2000; Rowley and Berman, 2000).

Three main groups of instrumental theories can be identified, depending on the economic objective proposed. In the first group the objective is the maximization of shareholder value, measured by the share price. Frequently, this leads to a short-term profits orientation. The second group of theories focuses on the strategic goal of achieving competitive advantages, which would produce long-term profits. In both cases, CSR is only a question of enlightened self-interest (Keim, 1978) since CSRs are a mere instrument for profits. The third is related to cause-related marketing and is very close to the second. Maximizing the shareholder value approach is that which takes the straightforward contribution to maximizing the shareholder value as the supreme criterion to evaluate specific corporate social activity. Any investment in social demands that would produce an increase of the shareholder value should be made, acting without deception and fraud. In contrast, if the social demands only impose a cost on the company they should be rejected.

Friedman (1970) is clear giving an example about investment in the local community: "It will be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government. That makes it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects''. So, the socio-economic objectives are completely separate from the economic objectives. Currently, this approach usually takes the shareholder value maximization as the supreme reference for corporate decision-making.

3.1.iii Political Theories

A group of CSR theories and approaches focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility. They include both political considerations and political analysis in the CSR debate. Although there are a variety of approaches, two major theories can be distinguished -

1. Corporate Constitutionalism and Corporate Citizenship.
2. Corporate constitutionalism

Davis (1960) was one of the first to explore the role of power that business has in society and the social impact of this power. In doing so, he introduces business power as a new element in the debate of CSR. He held that business is a social institution and it must use power responsibly. Additionally, Davis noted that the causes that generate the social power of the firm are not solely internal of the firm but also external. Their locus is unstable and constantly shifting, from the economic to the social forum and from there to the political forum and vice versa. Davis argued the assumption of the classical economic theory of perfect competition that precludes the involvement of the firm in society besides the creation of wealth. The firm has power to influence the equilibrium of the market and therefore the price is not a Pareto optimum reflecting the free will of participants with perfect knowledge of the market. Davis formulated two principles that express how social power has to be managed: (i) ‘‘the social power equation’’ and (ii) ‘‘the iron law of responsibility’’. The social power equation principle states that ‘‘social responsibilities of businessmen arise from the amount of social power that they have” (Davis, 1967, p. 48). The iron law of responsibility refers to the negative consequences of the absence of use of power. He said ‘‘whoever does not use his social power responsibly will lose it. In the long run those who do not use power in a manner which society considers responsible will tend to lose it because other groups eventually will step in to assume those responsibilities” (1960, p. 63). So if a firm does not use its social power, it will lose its position in society because other groups will occupy it, especially when society demands responsibility from business (Davis, 1960).

According to Davis, the equation of social power responsibility has to be understood through the functional role of business and managers. In this respect, Davis rejects the idea of total responsibility of business as he rejected the radical free-market ideology of no responsibility of business. The limits of functional power come from the pressures of different constituency groups. This ‘‘restricts organizational power in the same way that a governmental constitution does”. The constituency groups do not destroy power. Rather they define conditions for its responsible use. They channel organizational power in a supportive way and to protect other interests against unreasonable organizational power (Davis, 1967, p. 68). As a consequence, his theory is called ‘‘Corporate Constitutionalism’’.

3.1.iv Integrative Social Contract Theory

Donaldson (1982) considered the business and society relationship from the social contract tradition, mainly from the philosophical thought of Locke. He anticipated that a sort of implicit social contract between business and society exists. This social contract implies some indirect obligations of business towards society. This approach would overcome some limitations of deontological and teleological theories applied to business. Afterwards, Donaldson and Dunfee (1994, 1999) extended this approach and proposed an ‘‘Integrative Social Contract Theory’’ (ISCT) in order to take into account the socio-cultural context and also to integrate empirical and normative aspects of management. Social responsibilities come from consent. These scholars assumed two levels of consent. Firstly a theoretical macro-social contract appealing to all rational contractors, and secondly, a real micro-social contract by members of numerous localized communities. According to these authors, this theory offers a process in which the contracts among industries, departments and economic systems can be legitimate. In this process the participants will agree upon the ground rules defining the foundation of economics that will be acceptable to them. The macro-social contract provides rules for any social contracting. These rules are called the ‘‘hyper-norms’’; they ought to take precedence over other contracts. These hyper-norms are so fundamental and basic that they ‘‘are discernible in a convergence of religious, political and philosophical thought” (Donaldson and Dunfee, 2000, p. 441). The micro-social contracts show explicit or implicit agreements that are binding within an identified community, whatever this may be: industry, companies or economic systems. These micro-social contracts, which generate ‘authentic norms’, are based on the attitudes and behaviors of the members of the norm-generating community and in order to be legitimate, have to accord with the hyper-norms.

3.1.v Corporate Citizenship

Although the idea of the firm as citizen is not new (Davis, 1973) a renewed interest in this concept among practitioners has appeared recently due to certain factors that have had an impact on the business and society relationship. Among these factors, especially worthy of note are the crisis of the Welfare State and the globalization phenomenon. These, together with the deregulation process and decreasing costs with technological improvements, have meant that some large multinational companies have greater economic and social power than some governments. The corporate citizenship framework looks to give an account of this new reality, as we will try to explain here. In the 80s the term ‘‘corporate citizenship’’ was introduced into the business and society relationship mainly through practitioners (Altman and Vidaver-Cohen, 2000). Since the late 1990s and early 21st century this term has become more and more popular in business and increasing academic work has been carried out (Andriof and McIntosh, 2001; Matten and Crane).

3.1.vi Integrative Theories

This group of theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth. Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige. As a consequence, corporate management should take into account social demands, and integrate them in such a way that the business operates in accordance with social values. So, the content of business responsibility is limited to the space and time of each situation depending on process, the values of society at that moment, and comes through the company’s functional roles (Preston and Post, 1975). In other words, there is no specification that management is responsible for performing throughout time and in each industry. Basically, the theories of this group are focused on the detection and scanning of, and response to, the social demands that achieve social legitimacy, greater social acceptance and prestige.

3.1.vii Ethical Theories

This group of theories or approaches focuses on the ethical requirements that cement the relationship between business and society. They are based on principles that express the right thing to do or the necessity to achieve a good society.

3.1.viii Normative Stakeholder Theory

Stakeholder management has been included within the integrative theories group because some authors consider that this form of management is a way to integrate social demands. However, stakeholder management has become an ethnically based theory mainly since 1984 when Freeman wrote Strategic Management: a Stakeholder Approach. In this book, he took as starting point that ‘‘managers bear a fiduciary relationship to stakeholders (Freeman, 1984, p. xx)”, instead of having exclusively fiduciary duties towards stockholders, as was held by the conventional view of the firm. He understood as stakeholders those groups who have a stake in or claim on the firm (suppliers, customers, employees, stockholders, and the local community). In a more precise way, Donaldson and Preston (1995, p. 67) held that the stakeholder theory has a normative core based on two major ideas:

(1) Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity (stakeholders are identified by their interests in the corporation, whether or not the corporation has any corresponding functional interest in them) and

(2) The interests of all stakeholders are of intrinsic value that is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners. Following this theory, a socially responsible firm requires simultaneous attention to the legitimate interests of all appropriate stakeholders and has to balance such a multiplicity of interests and not only the interests of the firm's stockholders.

Supporters of normative stakeholder theory have attempted to justify it through arguments taken from Kantian capitalism (Bowie, 1991; Evan and Freeman, 1988), modern theories of property and distributive justice (Donaldson and Preston, 1995), and also Libertarian theories with its notions of freedom, rights and consent (Freeman and Philips, 2002). A generic formulation of stakeholder theory is not sufficient. In order to point out how corporations have to be governed and how managers ought to act, a normative core of ethical principles is required (Freeman, 1994).

3.1.ix Resource Based View (RBV) Theory

As introduced by Wernerfelt (1984) and refined by Barney (1991), borrows from earlier research by Penrose (1959), this theory presumes that firms are bundles of heterogeneous resources and capabilities that are imperfectly mobile across firms. Barney (1991) maintains that if these resources and capabilities are valuable, rare, inimitable and non-substitutable, they can constitute a source of sustainable competitive advantage. Firms engage in Corporate Social Responsibility because they consider that some kind of competitive advantage accrues to them. Resource-Based Perspectives (RBP) are useful to understand why firms engage in CSR activities and disclosure. From a resource-based perspective CSR is seen as providing internal or external benefits, or both. Investments in socially responsible activities may have internal benefits by helping a firm to develop new resources and capabilities which are related namely to know-how and corporate culture. In effect, investing in social responsibility activities and disclosure has important consequences on the creation or depletion of fundamental intangible resources, namely those associated with employees. The external benefits of CSR are related to its effect on corporate reputation. Corporate reputation can be understood as a fundamental intangible resource which can be created or depleted as a consequence of the decisions to engage or not in social responsibility activities and disclosure. Firms with good social responsibility reputation may improve relations with external actors. They may also attract better employees or increase current employees' motivation, morale, commitment and loyalty to the firm.

Each theory mentioned above have some or others limitations, hence the stakeholder theory is found appropriate to analysis the data.

3.2 STAKEHOLDER THEORY

Stakeholder is an entity that can be affected by the results of that in which they are said to be stakeholders, i.e., that in which they have a stake. A corporate stakeholder is that which can affect or be affected by the actions of the business as a whole. The stakeholder concept was first used in a 1963 internal memorandum at the Stanford Research Institute. It defined stakeholders as "those groups without whose support the organization would cease to exist". The theory was later developed and championed by R. Edward Freeman in the 1980s. Since then it has gained wide acceptance in business practice and in theorizing relating to strategic management, corporate governance, business purpose and corporate social responsibility (CSR). The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally defined by R. Edward Freeman in the book Strategic Management: A Stakeholder Approach, and identifies and models the groups which are stakeholders of a corporation, and both describe and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the "Principle of Who or What Really Counts".

The basic proposition of the stakeholder theory is that the firm's success is dependent upon the successful management of all the relationships that a firm has with its stakeholders - a term originally introduced by Stanford Research Institute (SRI) to refer to "those groups without whose support the organization would cease to exist" (Freeman, 1983, p.33). When viewed as such, the conventional view that the success of the firm is dependent solely upon maximizing shareholders' wealth is not sufficient because the entity is perceived to be a nexus of explicit and implicit contracts (Jensen and Meckling, 1976) between the firm and its various stakeholders. Furthermore, in contrast with the institutional theory where norms are imposed to the firms, the stakeholder theory assumes that firms have the ability to influence not just society in general but its various stakeholders in particular.

CSR is one area in which the stakeholder theory has been commonly applied (Ullmann, 1985; Roberts, 1992; Clarkson, 1995; Davenport, 2000) because the changing nature of the business environment created a demand for firms to acknowledge their responsibility to a broader constituency than their shareholders/owners and to help solve important social problems especially those they have helped to create. CSR commonly includes, but is not limited to such things as the firm's community involvement, acknowledgement of concern for employees, energy conservation, making products safer, pollution abatement and other environmentally related issues.

In the traditional view of the firm, the shareholder MH (Majority Holder) view (the only one recognized in business law in most countries), the shareholders or stockholders are the owners of the company, and the firm has a binding fiduciary duty to put their needs first, to increase value for them. In older input-output models of the corporation, the firm converts the inputs of investors, employees and suppliers into usable (salable) outputs which customers buy, thereby returning some capital benefit to the firm. By this model, firms only address the needs and wishes of those four parties: investors, employees, suppliers, and customers. However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees, prospective customers, and the public at large. Sometimes even competitors are counted as stakeholders.

The stakeholder view of strategy is an instrumental theory of the corporation, integrating both the resource-based view as well as the market-based view and adding a socio-political level. This view of the firm is used to define the specific stakeholders of a corporation (the normative theory (Donaldson) of stakeholder identification) as well as examine the conditions under which these parties should be treated as stakeholders (the descriptive theory of stakeholder salience). These two questions make up the modern treatment of Stakeholder Theory.

There have been numerous articles and books written on stakeholder theory. Recent scholarly works on the topic of stakeholder theory that exemplify research and theorizing in this area include Donaldson and Preston and Mitchell, Agle, and Wood (1997), Friedman and Miles (2002) and Phillips (2003).

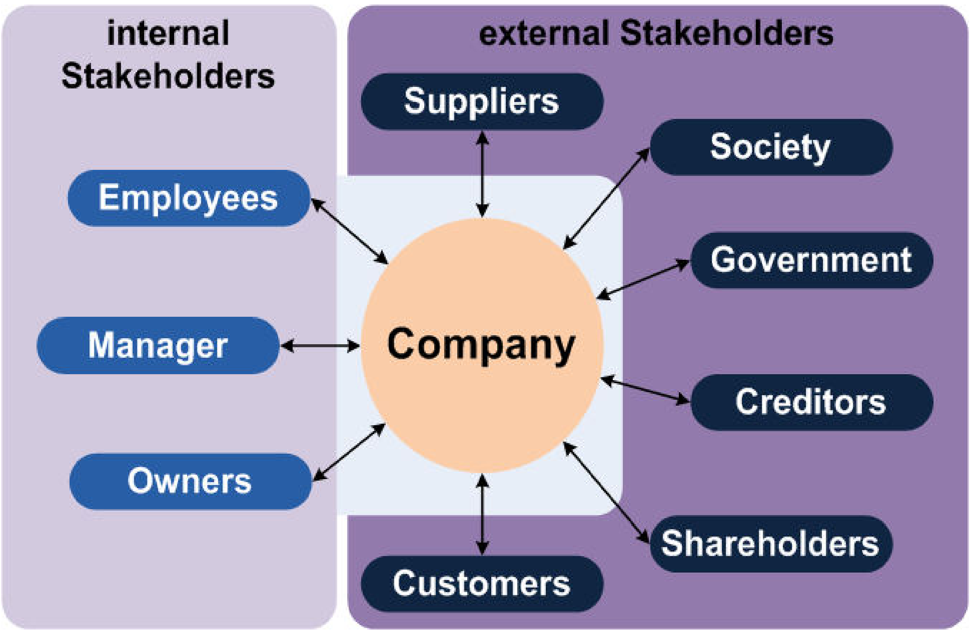
Donaldson and Preston argue that the normative base of the theory, including the "identification of moral or philosophical guidelines for the operation and management of the corporation", is the core of the theory. Mitchell, et al. derive a typology of stakeholders based on the attributes of power (the extent a party has means to impose its will in a relationship), legitimacy (socially accepted and expected structures or behaviors), and urgency (time sensitivity or criticality of the stakeholder's claims). By examining the combination of these attributes in a binary manner, 8 types of stakeholders are derived along with their implications for the organization. Friedman and Miles explore the implications of contentious relationships between stakeholders and organizations by introducing compatible/incompatible interests and necessary/contingent connections as additional attributes with which to examine the configuration of these relationships.

The political philosopher Charles Blattberg has criticized stakeholder theory for assuming that the interests of the various stakeholders can be, at best, compromised or balanced against each other. Blattberg argues that this is a product of its emphasis on negotiation as the chief mode of dialogue for dealing with conflicts between stakeholder interests. He recommends conversation instead and this leads him to defend what he calls a 'patriotic' conception of the corporation as an alternative to that associated with stakeholder theory. Stakeholder theory is defined by Rossouw et al. in

Ethics for Accountants and Auditors and by Mintz et al. in Ethical Obligations and Decision Making in Accounting.

3.2.i Examples of various stakeholders:

Figure – Examples of various Stakeholders



Freeman (1984) asserts that firms have relationships with many constituent groups and that these stakeholders both affect and are affected by the actions of the firm. Stakeholder theory, which has emerged as the dominant paradigm in CSR, has evolved in several new and interesting ways. Jones and Wicks propose "converging" the social science (instrumental) and ethics (normative) components of stakeholder theory to arrive at a normative "theory" that illustrates "how managers can create morally sound approaches to business and make them work" (1999: 206). The instrumental aspect and its relationship to conventional theories in economics and corporate strategy have also received considerable attention in the literature. For instance, Jones (1995) developed a model that integrates economic theory and ethics. He concluded that firms conducting business with stakeholders on the basis of trust and corporation. There are various selected theoretical papers on CSR and various theoretical papers with methodology (Annexure 1).

3.3 RESEARCH METHODOLOGY

In order to have intense understanding of the role of Corporates towards the Corporate Social Responsibility initiatives and its link to social concern of beneficiaries, fieldwork methodology has been used (Annexure – 2). Fieldwork methodology is the guiding idiom of this study. The research study has included both qualitative and quantitative methods of collecting data which would mean, applying them wherever they are appropriate for the purpose of the study. Direct and indirect observations, interviews, interview schedules, case studies (Appendix - 1) are some of the techniques which are used to collect the data.

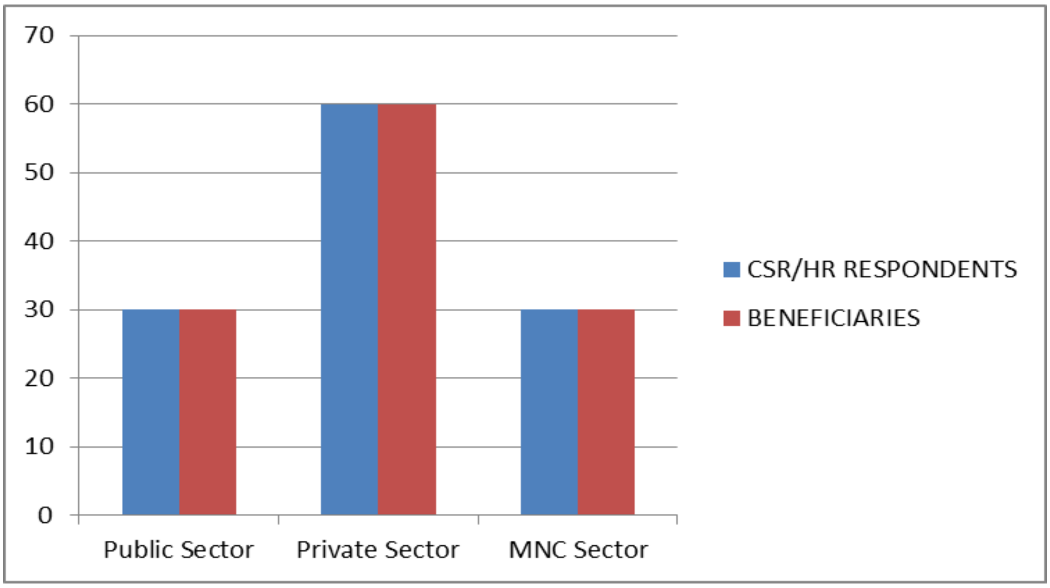
3.3.i Sample

The research consists of three main Industrial Sectors of Vadodara region - a) Public Sector Companies b) Private Sector Companies and c) Multinational Companies which are dealing with CSR activities in their respective areas to fulfill the societal needs. The present research represents two other categories within these sectors like a) Manufacturing industries and b) Service industries of Public sector, Private sector and Multinational sectors. These industries chemical industries, pharmaceutical industries, engineering industries, IT technology, textiles, plastic industries, electronics industries, etc. play a significant socio-economic contribution to Vadodara

For this research study, Simple Random Sampling design is used for sampling the subjects. Simple Random Sampling gives each element in the population an equal chance of being included in the sample. The research sample consists of ninety companies (90) (Appendix - 2) with total two hundred seventy respondents (270) of Public sector, Private sector and Multinational sectors. Within this list 240 respondents are selected from the 60 Corporates of Vadodara region and 30 respondents from 30 Corporates whose CSR activities are carried out elsewhere. The respondents list includes HR officials dealing with CSR and their beneficiaries. The beneficiaries have been selected from the companies located in Vadodara region.

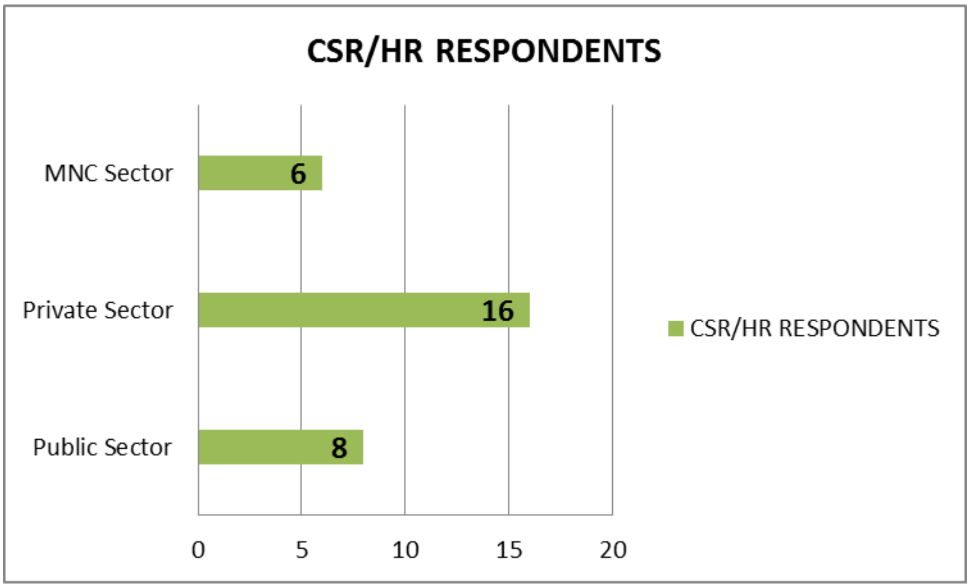
3.3.ii Number of Respondents interviewed in Vadodara

CORPORATES	CSR/HR RESPONDENTS	BENEFICIARIES	TOTAL
Public Sector (15)	15 x 2 = 30	15 x 2 = 30	60
Private Sector (30)	30 x 2 = 60	30 x 2 = 60	120
MNC Sector (15)	15 x 2 = 30	15 x 2 = 30	60
Total: 60 Corporates	**Grand Total: 240**		



3.3.iii Number of Respondents interviewed from elsewhere (but not from Vadodara)

CORPORATES	CSR/HR RESPONDENTS
Public Sector	08
Private Sector	16
MNC Sector	06
Total	**30**

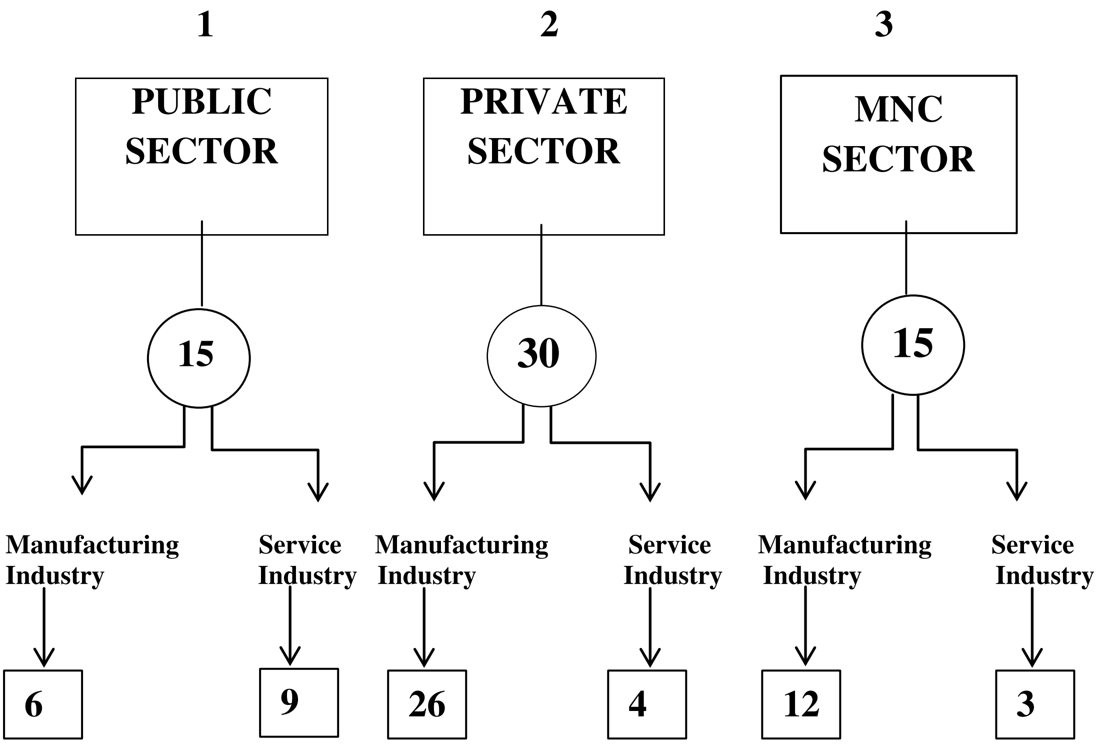


3.3.iv Flowchart of the Study

1.1 FLOW CHART

Flow Chart regarding number and category of selected sample (company)

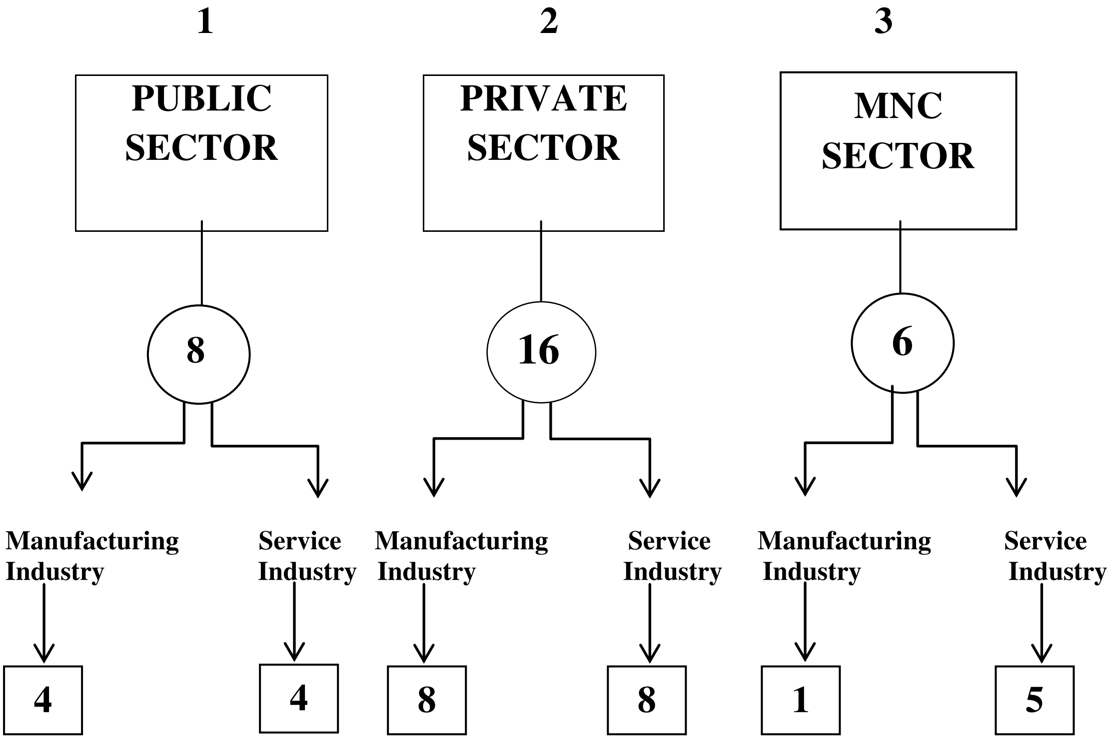
Companies with CSR in Vadodara



TOTAL: 60 COMPANIES

1.2 FLOW CHART

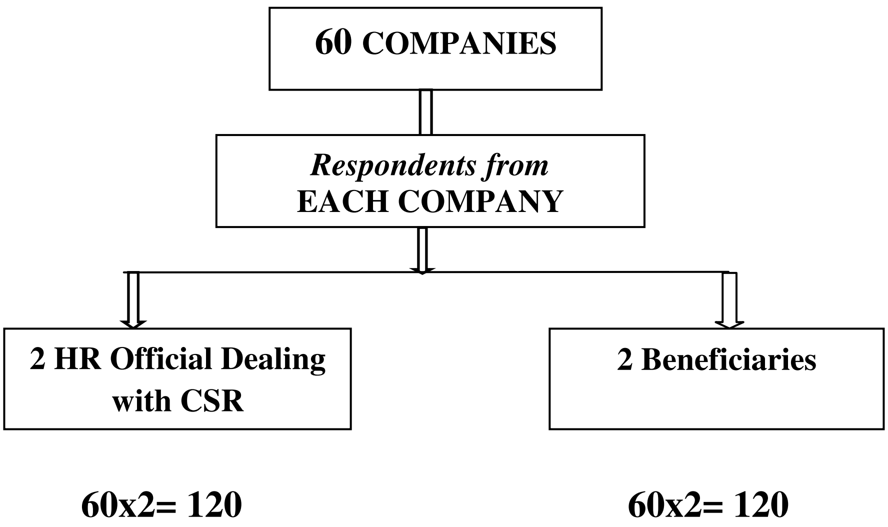
Flow Chart regarding number and category of selected sample (company) Company's Branches/Plants in Vadodara, but CSR activities are carried at Head/Corporate Offices or elsewhere



TOTAL: 30 COMPANIES

1.3 FLOW CHART

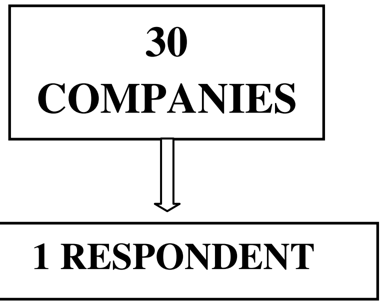
Flow Chart regarding number and category of Interviewed Respondents



TOTAL: 240 RESPONDENTS

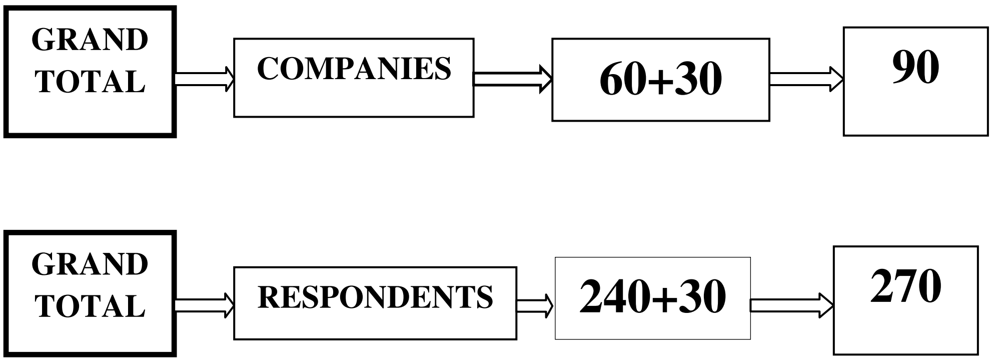
1.4 FLOW CHART

Flow Chart regarding number and category of Interviewed Respondents



30x1=30

TOTAL: 30 RESPONDENTS



3.3.v Tools and Techniques

An interview schedule (Annexure - 4) has been prepared for collecting data and an in-depth interview of the HR Official dealing with CSR and the beneficiaries of the particular company or organization are conducted. The researcher made field visits to sites where CSR activities were implemented and the villagers (beneficiaries) which interviewed are also one of the major parts of data collection. Secondary sources of information comprise of different research articles, research papers, books, journals and various works of eminent scholars of the state, national and international reputation (Annexure – 3). Other sources of information include available written material, records, annual/financial reports of the companies, directories, various industrial and management associations, blogs, websites etc.

3.4 STRATEGY OF ENQUIRY

The research study has been approached by identifying certain issues/elements/corporation related to the Corporate Social Responsibility among the Public, Private and MNC belonging to both manufacturing and service industries and then based on these elements the data has been collected, analyzed and interpreted. The main elements identified are - Sources of knowledge about CSR; Stakeholders; Strength of CSR Team; Aspects of CSR implementation; Image building; Major key areas of CSR; Main purpose of CSR; Mechanisms adopted to implement CSR activities; The beneficiaries; Environmental issues; Benefits of CSR; Reports/Publication of CSR; Conflicts with CSR; Respondents' Awareness of CSR; Respondents opinion about Corporates; National and International standards and policies etc.

3.5 OBJECTIVES OF THE STUDY

The main objectives of the study are

V. **Nature, Development and Effectiveness of CSR:**

To study the history, nature and development and its various approaches; to examine the real effectiveness of Corporate Social Responsibility in the Vadodara Region; to examine the main aim and motive of companies towards the CSR; to study the impact of CSR on present socio-economic life of beneficiaries; to understand the corporate approach to deal with social, community welfare and environment issues; to examine whether the society has been benefited by the CSR initiatives.

VI. **CSR activities in Public Sector, Private Sector and MNC Sector companies with respect to Manufacturing Industry:**

To study the various activities, practices under taken by companies and their investment; to examine the relationships of stakeholders; to understand the strategy, implementation, allocation of the resources for the betterment of society; to understand the mechanism installed for CSR and the response of employees and employers towards CSR.

VII. CSR activities in Public Sector, Private Sector and MNC Sector companies with respect to Service Industries:

To study the various activities, practices, investments under taken by companies; to examine the relationships of stakeholders; to understand the strategy, implementation, monitoring of CSR activities, and allocation of the resources for the betterment of society.

IV. The role of government, local administrative bodies and their policies and implementations:

To examine the link between CSR and the role of government, policies and its implications; to understand various guidelines, accreditations, CSR Certifications i.e. GRI Reporting, SA 8000, ISO 26000 etc., in the perspective of local, national and global trends.

3.6 FRAMEWORK OF THE STUDY

The thesis has been divided into four parts:

Part I

Deals with the introduction of the study, starting with various definitions of CSR, history and development of CSR of few Asian countries, then history and development of CSR in India, Gujarat and Vadodara in particular; introduction of the Vadodara region and its history, commerce and industry, where the study has been conducted; the aim and focus of the study, the hypothesis and key terms (Chapter 1); review of literature which would give a brief idea of the studies conducted till now by local, national and international scholars and the justification of the present study (Chapter 2); the conceptual framework includes theoretical approaches, methodology, tools and techniques used, strategy of enquiry with the help of which the issues could be studied/analyzed scientifically/sociologically and the objectives of the study undertaken (Chapter 3).

Part II

Deals with the relevant data collected from the Vadodara region's public sectors, private sectors and MNC sectors of both manufacturing and service industries, the various issues and aspects pertaining to CSR, their corporate social initiatives towards the upliftment of society along with analysis and interpretations of the findings (Chapter 4, 5, 6 and 7).

Part III

Deals with the various policies of CSR and their implications; the role of Government towards its implications; relevant national, international CSR codes, standards, guidelines, latest CSR Certifications, Accreditations (Chapter 8).

Part IV

Deals with the Concluding Reflections and it also propose certain suggestions for future studies in this area (Chapter 9).