Concepts, Theories and Social Workers Footprint in Corporate Social Responsibility

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Abstract: The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and imperatives of climate change and pandemics. Indian business, which is today viewed globally as a responsible component of the ascendency of India, is poised now to take on a relationship role in the challenges of our times. Corporate Social Responsibility has emerged as one of the key business trends since past few decades. Though relations between businesses and the society is one of inter-dependence, it was highly dominated by the Business. Responsible organizations, specifically in this global era have now broadened their sphere of work from attaining economic goals to cover environmental and social goals. The goals of CSR is to achieve a positive impact by building social capital and wellbeing on the environment and stakeholders including consumers, employees, investors, communities and the general public, whereas the goal of social work is to improve the quality of life and subjective wellbeing of individuals, families, groups, community organizations and crises intervention. This paper will presents different concepts and theories around the CSR practice and footprints of Social work profession in CSR practice.

Index Terms - Corporate Social Responsibility, Stakeholders, community welfare, social work practice.

1.0. INTRODUCTION

CSR is a field in which practice is ahead of theory and research (Reddy, 2004) which is very much true in case of Indian history and is well demonstrated by Indian companies like TATA & WIPRO, though its philanthropic form. The Indian government is at the forefront and has specified CSR guidelines to more beyond a philanthropic model of CSR. The Government espouses a more expansive view of CSR that envisions the integration of social and environmental issues into business decisions, goals, and operations, and in interactions between corporations and their stakeholders (Afsaripour, 2011). All these aspects have culminated as India becoming first country to come up with a regulatory framework for CSR by introducing provisions under Section 135 of The Companies Act, 2013.

2.0. DEFINITIONS OF CSR:

Despite the widespread discussion researchers still do not share common opinion or set of core principles. Efforts to define CSR were started after the landmark book of Howard R Bowen in 1953, he defined CSR as “CSR refers to the obligation of business to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society (Bowen HR 1953)”. In 1960 Keith Davis refers CSR as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest (Devis, K 1960)”.


Table #1: Development of CSR Definition (KM Dolly, 2020):

<table>
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<tr>
<th>Period</th>
<th>Name of concept</th>
<th>Description</th>
<th>Literature</th>
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<tbody>
<tr>
<td>1950s</td>
<td>Social responsibility of businessmen</td>
<td>The obligations of businessmen to pursue policies, to make decisions or to follow lines of action, which are desirable in terms of the objectives and values of society. Some socially responsible business decisions can be justified by the long run economic gain of the firm, thus paying back for its socially responsible behavior. Private contribution to society’s economic and human resources and a willingness on the part of business to see that those resources were utilized for broad social ends.</td>
<td>Bowen (1953) Devis (1960) Frederick (1960)</td>
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<td>1960s – 1970s</td>
<td>Stakeholder approach</td>
<td>Instead of striving only for larger returns to its shareholders, a responsible enterprise takes into account the interests of employees, suppliers, dealers, local communities and the nation as a whole. The concept consists of corporate responsibilities (i.e. economic, legal, ethical and philanthropic), social issues of business (e.g., labour standards, human rights, environment protection and anticorruption) and corporate actions (e.g., reactive, defensive, accommodative and proactive)</td>
<td>Johnson (1979) Carroll (1979)</td>
</tr>
<tr>
<td>1980s - 1990s</td>
<td>Three dimensional model</td>
<td>Integration of the principles of corporate responsibility, the policies of social issue management and the process of action into an evolving system. Four types of corporate responsibility (i.e. economic, legal, ethical and philanthropic) were linked to three institutional levels (i.e., legal, organizational and individual), while corporate actions are extended to assessment, stockholder management and implementation management.</td>
<td>Wartick and Cochran (1985) Wood (1991) WBCSD stakeholder dialogue on CSR, The Netherlands, Sep 6-8, 1998 European Commission (2011)</td>
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<tr>
<td>1998</td>
<td>Stakeholder approach</td>
<td>Corporate Social Responsibility is continuing commitment by the business to behave ethically and to contribute to economic development while improving the quality of life of workforce and their families as well as of the local community and society at large.</td>
<td></td>
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<tr>
<td>2000s</td>
<td>Three domains approach</td>
<td>Three domains of corporate responsibility: economic, legal and ethical. A process to integrate social, environmental, ethical, human rights and consumer concerns into business operations and core strategy in close corporation with the stakeholders.</td>
<td>Schwartz and Carroll (2003)</td>
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The above definitions show that focus of social responsibility is a social issue and has close association with business and society. It is also essential to understand that businesses are sub-system of bigger social system and both are interdependent. Moreover, businesses are more dependent on society and the environment in which it operates for its resources that are both natural and human resources. It is the society or community which gives business a “license to operate” in the environment. It is seen that the economic and environmental performances are measured as they are mandated. However, there is need to focus on the measurement of social performance.

3.0. CSR IN INDIA – HISTORICAL TRAJECTORY:

A seminal research work is done by Godfrey, Branigan, & Khan, 2017 and traced the trajectory of Indian Philanthropy on the basis of following themes:
i) Hindu giving traditions
ii) Muslim and princely rulers
iii) Christian/British colonial era
iv) Gandhi, reformist movements and independence
v) ‘New’ corporate philanthropy
vi) CSR

The principle Hindu religious texts – the Vedas, the Upanishads, and the Mahabharata – emphasize the importance of giving (Godfrey et.al, 2017). The earliest of these texts, the great epic Mahabharata (300BCE to 300 CE). Held that only the charitable distribution of wealth (artha) enabled men to fulfill their dharma. The Vedas, date from around 1500 CE : “Rigved (1.29.4) prays for a daan to sleep, and daan to wake up. Atharv Ved (3.4.5) calls for collecting with a hundred hands and giving away with a thousand hands”. Giving, say the Vedas, is a requirement for salvation (moksha). In the Upanishads, true enjoyment and peace lie in the renunciation of wealth (Godfrey et.al, 2017).
Muslim rules were no exception – philanthropy, especially endowment was a tool of government. The two chief Islamic charitable institutions are waqf and zakat. Zakat is a ‘moral imperative’ that is akin to alms-giving, which is e of the five pillars of Islam. Awqaf (the plural form) were used to fund almshouses, aqueducts, bridges, graveyards, mosques, schools, shrines, and personal tombs.

Giving, in the British era (1757-1947), shifted toward secular causes through not at the expense of traditional giving for wells, temples, and rest-houses sponsoring of festivals or religious learning. British officials encouraged, and wealthy Indian merchants embraced. This emerging model of Western philanthropy got transform into more ‘fixed’ forms under British rule, which more closely resemble contemporary corporate philanthropy.

4.0. PHASES OF CSR DEVELOPMENT:

The concept of CSR was first mentioned in 1953 in the publication ‘Social Responsibilities of the Businessman’ by William J Bowen. However, the term CSR became only popular in the 1990’s, when the German Betapharm, a generic pharmaceutical company decided to implement CSR.

According to Sundar (2000), the CSR development in India can be divided into four primary phases. These phases run parallel to India’s historical development and resulted in varied CSR practices. However, the phases are not static, and features of one phase can overlap with those of the others, as evident from the last phase.

<table>
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<th>Phases</th>
<th>Period</th>
<th>Year</th>
<th>Nature of CSR</th>
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<tr>
<td>First</td>
<td>Pre industrialization</td>
<td>1850 -1914</td>
<td>CSR activities were undertaken in the form of philanthropy with religious belief</td>
</tr>
<tr>
<td>Second</td>
<td>Pre industrialization</td>
<td>1914 – 1960</td>
<td>CSR activities were undertaken in the form of donations with social welfare objectives</td>
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<tr>
<td>Third</td>
<td>During Industrialization</td>
<td>1960 – 1980</td>
<td>CSR activities were undertaken in the form of responsible behavior with progressive approach</td>
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<tr>
<td>Fourth</td>
<td>Post Industrialization</td>
<td>1980-Until today</td>
<td>CSR activities are being performed in various forms by keeping in view multi stakeholders benefit.</td>
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In the post-independence period, the expansion for public sector was undertaken as an integral part of the industrial policy 1956. The government owned corporations are termed as public sector undertakings (PSUs) in India. In a PSU majority (51% or more) of the paid up share capital is held by central government or by any state government or partly by the central governments and partly by the one or more state governments.

The first phase of CSR was predominantly determined by culture, family tradition, religion and industrialization. This being the oldest form of CSR, charity and philanthropy still continue to influence CSR practices, especially in terms of community development. In the 1850s, merchants had committed themselves to the society for religious purposes, sharing their wealth by building temples, etc. In 1892, Jamshedjee Tata established scholarships for students who wanted to study abroad. Leaders of those times were also active in social and labour reforms. In 1892, the Ratan Tata Foundation was set up at the London School of Economics. In the 19th century in India, the pioneers of industrialization were a few families such as the Tatas, Birlas, Godrej, Shriram, Singhania, Lalbhai, Sarabhai, Mahindra, Modi, Bajaj and Ambani. These business houses were strongly devoted to philanthropically motivated CSR. In this phase, the underlying pattern of charity and philanthropy indicated that entrepreneurs sporadically donated money (e.g. to schools or hospitals) without any concrete long-term engagement in mind. CSR focused on such external stakeholders as communities and general social welfare bodies.

The second phase of CSR in India (1914-1960) was dominated by the struggle for independence. It was influenced fundamentally by Gandhi’s theory of trusteeship, with an aim to consolidate and amplify social development. During the struggle, Indian businesses not only perceived country’s economic development as a protest against the colonial rule but also participated in the institutional and social development. Under the notion of trusteeship, businesses (especially well-established family businesses) had set up trusts for schools and colleges as well as established training and scientific institutes with Gandhi’s reform programs like the abolition of deeming someone as untouchable, women’s empowerment and rural development.

The third phase of Indian CSR (1960 -1980) was affected by the paradigm of the “mixed economy,” characterized by the emergence of PSUs and sample legislation on labor and environmental standards. This phase is also witnessed a shift from corporate self-regulation to stringent legal and public regulation of business activities. Businesses were expected to be respectable corporate citizens, and regular stakeholder dialogues, social accountability and transparency were amongst other expectations. Despite these progressive acknowledgements, this CSR approach failed to materialize.

In the fourth phase (1980 until today), Indian companies began abandoning traditional philanthropic engagement and moved towards integrating CSR into a coherent and sustainable business strategy, partly by adopting the multi-stakeholder approach. In the 1990s, the Indian government had initiated reforms to liberalize and deregulate the Indian economy while tackling the shortcomings of the “mixed economy” and trying to integrate India with the global market. India has now become an important economic and political player in the process of globalization which has also affected the Indian CSR agenda.

Since 2009, the Indian Government has made repeated efforts to infuse CSR standards into the corporate governance of Indian businesses. These efforts aim to transform CSR activities from a collection of good citizenship and philanthropic activities undertaken by only the largest business houses to a way of doing business that involves the right combination of enhancing long-term shareholders value and protecting the interests of various other stakeholders, such as employees, creditors, consumers, and society at large.
5.0. CONCEPTS RELATED TO CSR:

5.1. Corporate Governance (CG): Corporate Governance is a synergetic effort of all stakeholders i.e. community, corporates, professional, service providers, civil society and government to create an environment of thrust, ethics and moral values. It is a buzzword since 1990’s around the globe, primarily included with the actions of the organization and other efforts (KM Dolly, 2020).

Early momentum was provided by Anglo-American codes of good governance during 1980’s and many countries established an adopted version of these codes. Many international agencies such as OECD, United Nations and World Bank also became active after many corporate scandals and developed their own sets of principles and codes to set more legal standard for the protection of investors and other stakeholders.

After decades of considerable debate between relationship of CSR and CG, CSR has gained prominence and become ubiquitous because of many incidents of Corporate scandals and violations ranging from Enron Union Carbide to the collapse of Arthur Anderson to Satyam scam to financial crises of 2008 which have left the impression between people that all is not well in the Corporate World and there are some issued which need immediate attention. About the linkage between CSR and CG, Loresto Zacconi argued that CSR is voluntary and mostly focused on self-regulations whereas CG is based on mandatory statutory provisions.

5.2. Business Ethics: Business ethics and social responsibility are often used interchangeably and CSR is thought under the course of business ethics mostly but each has distinct meaning. Business is an activity of an organization to provide goods and services for profit whereas ethics are moral principles values, standards, rules of conduct or philosophy of business to guide the behavior. Ethics determines the fundamental purpose of an organization whereas CSR is payback to society by business through minimizing its negative impact and maximizing its positive impact on the society in terms of quality of life and social welfare.

Business ethics concerned with the ethical subset in Carroll’s pyramid of CSR and interplays between legal and philanthropic responsibilities. It comprises the activities and behavior of the organization that are expected or prohibited by the societal members. Though they are not codified as law but could be the basis for laws & regulations. Many environmental and civil rights movements resulted in later legislation and altered the values and norms for the business for higher standard of performances.

5.3. Corporate Social Performance: Corporate Social Performance is an indicator of the result of CSR practices, policies and programs. It measures the social and environmental cost of the business activity which is not accounted in traditional performance measuring systems of the firm based on financial returns. Wartick and Cochran defined Corporate social performance as an integration of corporate responsibilities process, principle of social responsibility and of policies developed to address to social issues. Principle of social responsibility and based on the principle of legitimacy which is granted by the community.

5.4. Corporate Social Responsiveness: Murphy refers 1974 as the beginning of the era of Corporate Social Responsiveness. In 1975 Ackerman suggested three characteristic behaviors of firms i.e. to monitor across environmental conditions, attends stakeholder demands and design plan and policies to respond to changing condition. These three behaviors correspond to three facets of responsiveness that is environmental assessment, stakeholder management and issues management.

Corporate Social Responsiveness is act of contributing to the welfare of others. It has been popularized as the replacement or complement to CSR. Sethi (1979) implied that responsiveness could be seen as replacement of CSR but Caroll observes that conceptually Corporate Social Responsiveness is inadequate to replace CSR because companies could be responsive towards social-environmental issues but they could do this by unethical means.

5.5. Corporate Sustainability: The Brundtland commission report ‘Our Common Future describes sustainable development as ‘development that meets the needs of present without compromising the needs of the future generations to meet their own needs’. The prospect became more and more important and central to business philosophies. Corporate sustainability is not just about the financial sustainability of firms but it also addresses the environmental and social compacts of their own needs. The prospect became more and more important and central to business philosophies. Corporate Sustainability is not just about the financial sustainability of firms but is also address the environmental and social compacts of their operations.

Corporations are also struggling with new rules where they also have to meet the needs of present without compromising the ability of future generations to meet their own needs and that is why they are called upon to responsibilities of the impacts of their business operations on the community and environment they are operating. International agencies and civil societies has demanded businesses to apply principles of sustainable development into their core business practices. Corporate Sustainability describes business practices built around social and environmental considerations.

WBCSD declared that Sustainability required the integration of social, environmental and economic considerations to make balanced judgments for the long term. Corporate sustainability therefore became a prominent future of business in addressing issues of transparency, ethical values, human rights, responsible investment and stakeholder management. Companies need to integrate the sustainable practices into their business strategies.
6.0. THE PROEUS AROUND CSR:

6.1. Neo-classical theory: Traditionally the classical approach has always separated CSR from the economics of the firm. Before the globalization and welfare state era, business economics were very isolated. Friendman(1970) claimed the role purpose of a firm is to just maximize profits. As per him, this would keep the firm separated from any state related activity, ultimately helping in keeping a balance. In this model, the ultimate aim of corporation is to give bigger and bigger returns to the owners. People who are at managerial posts are there only to help the owners to achieve this goal. For managers to do otherwise (to even think of seeing their own future) is not allowed.

6.2. Stakeholder Theory: Globalization not only made business global, it made ideas, philosophies and even activism of one region to spread over any continents. Not much after, came the realization that business not only affect stakeholders and management but also the workers, consumers and even the environment. Soon we needed a new kind of responsibility attached to the firm and hence, the stakeholder theory was ban. This new step on corporate responsibility quickly gained some weight and the traditional economic view that a business should only focus on profit soon lost its grand. The points Freeman made created new problems. Since, a business affects different stakeholders or groups differently; their role in a corporation’s policy making should also be different. So, the next obvious question was which group should have ore powerful role to play. The other issue is every corporation works differently. It may be that different stakeholder groups of one firm may be on the same and those of a different firm may oppose each other. More are less this is balancing act. However, when a balance is not achieved, the next inevitable feat is to divide ‘Primary’ stakeholders from ‘Secondary’ stakeholders’ as it would make every much easy for corporation. Clearly, this theory has some void. It does make a corporation a little more democrat but fails to define the values.

6.3. Triple Bottom line theory: On a firm’s income sheet, bottom line growth is the most important metric the management looks for. It measures the net income of a company after deducting the costs. However, inding so, it does not include the damages that are done socially and environmentally. Business owners are less concerned with the negative impacts that their activities have on the environment and the people outside of their organizational structure, this is the reason why traditional bottom-line approach needs to change. The triple bottom-line theory dictates the social costs as well as the environmental costs to be also considered along with the economic costs. When maintaining registers, profit-loss statements should encompasses these three factors.

The theory of corporate constitutionalism was proposed by Davis in 1960. He points that business are social institutions as they have direct effect on the societal elements and therefore, they must use the power they have in a responsible manner. He introduced the world with his two famous principles i.e ‘the social power equation’ and ‘the iron law of responsibility’. Davis argues that social power force firmed to act in a responsible way because if they don’t then other constituents will step in to act. The constituents do not threaten the power dynamics of a firm but they do put them on balance. In today’s globalized world, the idea of corporate citizenship has become more significant. As corporations are getting stronger and powerful, the power that they have over society is getting reassessed. Everyone has different views when it comes defining corporate citizenship. Some proposes a limited philanthropic view while others argue for more than philanthropy. Matters and Crane have even proposed that corporations should get active when Governments fail protecting their citizens.

6.4. Integrative Theories: Integrative theories are the one & which take a look at how businesses handle social demands. Since firms are depended on the society for everything, it’s in their best interest to keep everything around this relationship balance. To achieve this balance, business must have more well-defined process. During the 70’s, it was believed that a firm should keep an eye on signals from the environment and once detected. A proper response should be planned in order to keep stakeholders satisfied. Later, the concept of issue was adopted. As Watrick and Rude put it, ‘(Issue Management) the processes by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it’.

One amazing thing that the issues management approach does for the benefit of businesses is it reduces surprises. No firm wants expected surprises at its door, political issues which may impact significantly upon it. Preston and Post later argued that all of this is depends on the personal morality of management which is just insufficient. They came of forward with ‘the principle of public responsibilities as an answer to social responsiveness.

Another approach called “stakeholder management” tries to put emphasis on the constituents rather than the process of solving issues. It proposes to manage the interests of the stakeholders and achieve their full cooperation.

Corporate social performance (CSP) is an attempt to integrate all the above social approaches into one model. Initially, Carroll presented it with there elements i.e a basic definition of social responsibility, a living of issues in which social responsibility exists and specifications of the philosophy of response to social issues. In the later years, others tried to improve and extend Carrels approach.
6.5. **Ethical Theories:** As the name itself suggests, this set of theories is based on what a firm thought to do and what is right. Ethical approaches have always been an inseparable part of social responsibility of a firm. These approaches are closer towards idealism as they guide us towards what is the right thing to do.

Some scholars including Freeman has tried to fuse ethics with stakeholder theory. The concept of Universal rights has become quite popular in the modern globalized world. Nowadays CSR approaches around the world are integrating human rights approach. Several conventions by international organizations have forced companies around the world to make rules around universal rights.

Sustainable development becomes a major issue after “Bruthland Report was published. Since then, governments across the globe have been pushing for a kind of development that does not affect future generations. In the process, a big expectation from business has been building up. Sustainable development cannot be achieved with major social, environmental and economic considerations, for which a great contribution from firms is required.

6.6. **Common good approach theory:** The ‘common goods approach’ is quite important when describing ethical theories.

It says that business have to work for the common good for everyone. A business should never harm the society or the environment. There should be wealth creation but at the same time Individual rights and dignity of the individuals should be preserved. Business should not fight with stakeholders other than shareholders. Instead all stakeholders should work in harmony to achieve common good.

7.0. **SOCIAL WORKERS FOOTPRINT IN CSR:**

Social work is defined by the International Federation of Social Work as “A profession based on practice and an academic discipline that encourages development and social change, social cohesion, liberation and empowerment of people. Principles of human rights, social justice, collective responsibility and respect for diversity are key to social work.” Social work engages structures and people to address the challenges and enhance social well-being (IAFSW, 2014).

The goals of CSR is to achieve a positive impact by building social capital and wellbeing on the environment and stakeholders including consumers, employees, investors, communities and the general public, whereas the goal of social work is to improve the quality of life and subjective wellbeing of individuals, families, groups, community organizations and crises intervention. The profession is dedicated to the pursuit of social justice and the wellbeing oppressed and marginalized individuals and communities. Social workers can redirect the CSR actions of the company in such that it can determine the social responsibility. Social workers can add value to the CSR action and create long and sustainable impact and advance societal goals.

In emerging economics, CSR takes place in a broader context of inequality between a powerful corporate which functions on a high level of profit and individual wealth on the one side and on the other side the range almost one-third of the population living below the poverty line. There is a possibility of an intersection between social irresponsibility by mighty corporates with governmental patronage and the pre-existing pattern of deprivation and vulnerability of the community in the vicinity of the Corporations. Social work is a profession with a focus on resource mobilization, can contribute to making CSR truly creating sustainable communities, sustainable business or deal with irresponsible business outcomes of the impacts.

Corporate Social Responsibility can be said to be the obligation in the part of business enterprise to protect and promote society’s welfare. The activities of business should be organized in such a way that the society is benefited and not affected.
REFERENCES:


