

# Customized Social Responsibility in India Making Corporate More Responsible: A Social Approach

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Many Indian businesses are known for staying one step ahead of governments as far as welfare of employees and society is concerned. The concept of social responsibility among Indian businessmen is not new; it can be visible in forms of magnificent temples, high mosques, and largedharmshalas and great educational institutions. Indian literature is full of incidents when businessmen have gone out of the way to help monarchs and societies out of crises.

Through charity, empowerment, till partnership, with the passage of time the fundamental relations of corporations with societal welfare have observed variations. With every stage of development in concept of CSR, expectation of society has been kept on increasing from these capitalists but inherent values of capitalism have always put corporations under social investigations about their social initiatives.

The notion of CSR in this study will be presented as a link connecting domestic and multinational corporations and society and address conceptual questions about conflict between profit motive and social motive. Conceptually, this study tries to find out feasibility of corporations taking responsibility of social development.

The CSR and Development discourse through qualitative analysis brings out serious concerns about relationship of Indian society and so called socially responsible behavior of corporations. Corporate Relationship of corporations with Indian society is often observed as supportive for development of the society and country at large but underlying reality is different. CSR in real is capitalist idea for getting more social legitimacy to exploitative strategies which has been increased after the period of globalization in India.

The study challenges customization of social responsibility among corporates and supports the view point that corporations are mainly profit oriented engines of capitalism that are not able to respond real needs of human society. Further this study argues that CSR should not be used as an indication of corporations' responsible behavior towards society due to failure or adversely affected success of capitalists to operate beyond profit. Thus, an attempt is made through qualitative analysis to search out the ethical issues pertaining to CSR and Developmental discourse in India and to look for feasible and appropriate alternatives.

This study highlights questions of ethics and morals of capitalists and usage of language to create rosy picture of CSR activities. It also tries to provide solution by adopting "stake holders in business" theory and creating conceptual path for making corporations aware about real sense of responsibility and making them more responsible towards society.

**Keywords:** Corporate Social Responsibility

## Corporate Social Responsibility Vs. Development

Corporate social responsibility is becoming global trend, its increasing gaining attention of scholars from various disciplines due to its potential of influencing society as well as human race at large. It is clear from Global trends of CSR that attempts are made to connect CSR and Development. Every discourse on CSR and development focuses on corporate behavior, it is specifically argues that corporate behavior should not only operate for its shareholders' profit motive but also for its stakeholders purpose and act responsibly for environment and Indian society in which they operates or

through which corporates gets legitimation to operate. Here it becomes obvious room for conflict of interest between shareholders' perspective of profit maximization or wealth accumulation and stakeholders' perspective of utilization of profit or wealth for development of human race. Conflict in various values, goals and objective makes different groups and community to think on CSR differently.

Contemporary approaches of studying CSR are driven by some particular view, interest and context as there exist no consistent or comprehensive approach to study CSR as economic, social and environmental development, in most of

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cases CSR as development is defined and conceptualized by Corporates and there is very few involvement of societal perspective. It is obvious that corporate initiatives for social development are going to get glorified due to biasness or interest of branding or image building for gaining more goodwill among Indian society. This article attempts to study linkage between actual responsibility and expected responsibility of corporates towards Indian society. It should not be interpreted that organizations should give up their actual responsibilities and start focusing on expected responsibilities; expected responsibilities are merely extension to actual responsibilities.

It is necessary to focus on process rather than product of CSR to investigate social behavior of corporates under the name of responsibility. Social approach allows to study broader significance of a phenomenon than perceived 'success' or 'failure' of CSR initiatives and claims for development. Even this approach is suited to explore many other dimensions of CSR in India particularly. Scholarly investigation for CSR is not only purported aims and objectives of particular interventions but also underlying ideologies and power dynamics of current corporate practice. In short, phenomenon of CSR should focus not only on whether organizations are doing what they claim to be doing and if not, why not, but also on intended and unintended consequences of such endeavors and how these strategies are related to social improvements and economic development.

Today, Corporate organizations not only trade in financial and human capital but also huge 'store house' of social capital and becomes necessary for these organizations to connect, reciprocate and create trust that binds society rather than separating it through power, hierarchy and competition. It is ambiguous whether social development is job of corporate world but it is obvious that corporate world has potential for social development through resources and convictions it gets Indian society. In world, no company dares to avoid 'social responsible' side of their business, but this adherence to social responsibility is often dilute with capitalist values. We can see in many Indian organizations where CSR are not taken as business priority, it is mainly used to show case HUMAN face of company, many times it blended with strategic practices for image building. Jill J. McMillan uncovers very fundamental paradoxical situations created by capitalists under hood of CSR. She argues that

1. The modern corporation has accepted a role of social responsibility that it is ill-suited to enact,
2. The shared traits of corporate discourse are inappropriate to promote CSR,
3. A reconsideration of ethos as participation and place offers a more appropriate frame for corporate credibility and voice.

McMillan by quoting J. Roberts argues that corporations are

incapable of anything like true responsibility. Although the modern organization, according to her, stepped into the vacuum of social responsibility left by the ongoing separation and individuation of modernity, it is "unfit as a herald of social responsibility" and "inherently incapable of taking society's interests into account." Without specifying precisely what a modern organization is, McMillan is not hesitant to conclude that the modern corporation is ill suited to be a socially responsible player in the world of today.

### Behaving in More Responsible Manner

The main focus of corporations is to generate surplus or profit; interests of other stakeholders including nature are ignored knowingly or unknowingly. Business activities have been always observed as dual facet of having potential for socio-economic development and its exploitative side for utilization of societal resources. Strategies striking balance between these two facets are systematically overshadowed by suspicions that corporates cannot be trusted for social development. Stewart Lawrence describes CSR as an oxymoron, but do not rules out that corporations can expand their socially responsible activities and become accountable to interest groups other than shareholders. Thus, it is very much needed that corporations should extend its concepts on social responsibility as per the societal expectations and strike a balance between developmental and exploitative facets of business.

It seems that CSR is practiced to prevent contradictions lying under responsible corporate behavior; even managerial discourse on social responsibility is also driven and dominated by these corporates. Conceptually looking at the discourse of development and responsibility across the world till today, CSR are argued on the basis of Regulation, Responsiveness, and Involvement. Though they are insensible factors of any CSR initiative, some or other problem, irony or paradox is associated with it, and studying these ironies can create newer avenues for social investigations. Reflection on the problems hiding in Regulation, Responsiveness, and Involvement of CSR programs will make Indian society more aware about games played by Indian corporates in the name of CSR. It'll not be wrong to assume that awareness among society will morally force corporates behave in more responsible manner.

### A. Regulations

It is most difficult to discuss about regulations to be imposed on CSR because it is shown and assumed that CSR is 'giving back' activity. CSR is volunteer activity, how and why to regulate voluntarily activity which is doing well to Indian society? But enhancement in regulatory regime for CSR is argued by many essentiality. Developmental issues against CSR are raised very often by governments and public interest groups. Regulations basically needed to keep check on moral commitment breaches done by corporates. For instance, companies stopping funds to adopted schools without giving feasible reasons. Indian Corporations are expected to behave

ethically while they are serving society; they are not licensed to create newer kind of disparities and power structures in Indian society. Through regulations they should be made aware disadvantages they are creating for environment and Indian society while initiating CSR activities. It is needed that CSR should be morally regulated and takes care of subjective realities of field they are willing to serve. For example, regular eye checkup camps conducted in village by some company is dominated only by one caste. Here company are doing their social responsibility but forgets caste realities existing in village. It is expected from this company that it enables people to break caste rigidity and provides benefits to all sections of villages.

Innovative CSR assessment is needed to be done by third party and practices which is unconsciously affecting negatively to Indian society should be brought into notice of authorities or should be altered as per prevailing social norms. A proper assessment should provide information about

1. The firm's values and ethics;
2. The internal and external drivers motivating the firm to undertake a more systematic approach to CSR;
3. The key CSR issues that are affecting or could affect the firm;
4. The key stakeholders who need to be engaged, and their concerns;
5. The current corporate decision making structure and its strengths and inadequacies in terms of implementing a more integrated CSR approach;
6. The human resource and budgetary implications of such an approach; and
7. Existing CSR-related initiatives.

At every step of assessment, there should be logical check on commitment of organization and its delivery. Any discrepancy in this should be brought at notice of organization and if organization is not willing remove this gap between commitment and delivery; it should be broadcasted to public.

## B. Responsiveness

Corporate social responsibility often stays out of legal responsibilities due to assumption of CSR as an ethical obligation. CSR should instead focus on responsiveness of corporations because responsive organizations are able to be more socially responsible by virtue of their willingness to hear and to respond to social expectations, norms and values. Responsiveness are basically highlights communicative capabilities, it is fundamental ability to listen and develop own language and notions of social responsibility.

Here comes one caution in response of organizations' ability and willingness to initiate and adjust to changing needs and values in Indian society. A consistent view point develops in dyadic manner on corporate communication. One side it is

assumed that corporate communication facilitates truly socially responsible behavior while on other side it is assumed as corporate communication is a response to growing ability of corporation to respond their stakeholders' interests and demands. In any of the way responsiveness do not necessarily interpreted as growing level of legitimacy or serious social responsibility.

Royal Dutch Shell, for example, found itself at the center of two highly embarrassing crises in 1995: the public outcry, spearheaded by Green peace, at Shell's attempted sinking of the Brent Spar oil storage platform in the North Sea; and the hanging of activist Ken Saro-Wiwa and eight associates by the Nigerian government. The activists had been protesting against environmental damage caused by oil extraction and the government's failure to return oil revenue for community development. Shell was blamed for not intervening to stop the execution. The company suffered particularly from the Brent Spar incident as it sparked consumer boycotts of Shell products. In Germany alone, Shell experienced drops of up to 40% in sales. Thus, sufficient sensitivity to the complexity of social and natural environment may not always be stimulated by legally correct way model of communication.

In today's world, Indian corporations showcase social responsibility by presenting themselves as open and responsive to the commitments made to the public, here an important question can be raised that how such mock correspondence with the pursuit of 'overall good' can be considered as acceptable? Social acceptance can merely gained by behaving in socially responsible manner or by adapting public willingness is just an assumption in one sense.

## C. Involvement

Communication is not just a matter of finding common goals or securing consensus between different interests but it is means of establishing and continuing a variety of perspectives by ensuring that established goals can be contested on continual basis. Diversity discourse is required to stimulate innovative solutions and enhance mutual commitment among all stakeholders, though opinions, ideals, and goals are different. Stanley Deetz perceive CSR through processual perspective, his perception is based on participation rather than 'sacred' solution. Borrowing his views on CSR- it'll be doubtful towards government regulations, consumer choices and corporate good will as primary devices of providing social responsibility. "Such devices can offer very weak mechanisms for value representation and virtually no support to communication process that create win-win situations" where there is more number of stakeholders are involved. Deetz's notion of decisional involvement makes some sense in complex world where many voices must be heard (and also be respected) to fully comprehend all dimensions and consequences of a decision. Yet, it is difficult to judge a level of mutual trust for such type of involvement and participation, as many popular authors argues that trust and mutuality in the business setups



are not prominent attitude of contemporary world. Adding to issues of trust, the notion of equal participation is problematic as well. In spite of existence of these issues, it is very much needed to realize that involvement is prerequisite for social responsibility.

We have very limited conception of involvement which not able to give an account for the many sources of influence and responsibility at plays in each social or environmental situation. Corporates are asked to get involved in issues of a development and expect corporates to acknowledge primary guilt. We want consumer involvement in conflicts about waste disposal but not ready to extend their responsibilities to the consequences. We demand worker involvement but not able to involve them in deliberations which can lead foundation to good corporate values. Involvement is getting disconnected from responsibility very quickly, it is dominated by autonomized sphere which do not extend beyond meetings, preferences, demonstrations or the vote.

### **Change The Tone of Consumer Voice**

CSR must be conceived in context of mutuality and interdependency acknowledges corporates as participants in a social system rather than external force that impose themselves on (or disturb) the system from the outside. Without underestimating responsibilities of corporates, who are operating in social system Douglas Crawford-Brown, emphasizes that our understanding of corporate behaviour is limited, if we examine the products which corporates have produced without understanding the needs that products serve: "it simply is not clear, where to draw the boundary in attributing environmental impacts to a particular product" to fully account for causes and effects of products and production and devise appropriate solutions and remedies to the problems which is embedded in that, for this, macro analysis at societal level is needed.

In support of this, many scholars claim that consumers have rights as well as responsibilities. Practices of consumption is always operated in space decided by systems of production, but consumers should not be considered as subject which can be deduced as network of production. It is very much needed that consumption practices should be included in discourse of CSR and Development. Brenden E. Kendall discusses the possibility of "conscientious consumption" and necessity to conceive consumer involvement in broader sense rather than notion of voting or feedback. Such notion reduces citizens to consumers and limits the range of options for involvement. The tone of consumer voice in CSR needs to have effective change.

### **Reflect Internally**

Moreover, it is needed to extend the notion of involvement to the people who work in the corporations. As Dana L. Cloud suggest, it seems to be absurd that workers are presented as corporate citizens but do not have a right to speech. Under the

influence of marketing philosophy, corporate are talking about the importance of understanding and staying nearer to consumers. At similar point of time their employees are often underestimated or avoided. Ironically, they are expected to be involved without being involved; to express commitment and loyalty and therefore they lack individuality, critical voice and personal insight.

To corporate which describe their 'external' audience particularly, the consumers as an individual, critical and free to express. To fully embrace social responsibility, to become forums for the articulation and resolution of important social and environmental problems. Corporate world needs not just to open up to surroundings but also to internally and become self-conscious of their own practices and communication.

### **Social Responsibility or Moral Obligation**

Almost all discourse on CSR and development in India assumes CSR to discretionary external relationships between corporate and Indian society. Corporate social responsibility in this country includes corporate governance, diversity, environmental and legal concerns, social empathy and global impact. CSR many embody responsibilities towards primary stakeholders as well as to other individual, institution or culture etc. through which operations of company being affected. Therefore CSR becomes wider domain for all possible obligation, concerns, effect or responsibility that corporation may come across. This includes both, positive and negative side of corporate behavior or negligence in behavior.

With widening scope of CSR, it is often assumed as moral responsibility. In India particularly, CSR is often understood as corporate community responsibilities, it is a primary relationship between corporation and Indian society while corporate moral responsibility refers to obligations of an organization because of its existence, and it is basically, reasons of existence, scope and nature of operations and its various interactions with environment and Indian society. Many times moral responsibility gets limited to shareholders who provide capital to the organization. These obligations are formulated as obligations an organization must have to those who it affects and who make difference in the company: its primary stakeholders, one of which, of course, is its shareholders, as well as its employees and managers, customers, and suppliers, and secondarily its obligations to communities in which it operates. it is noteworthy that these are normative obligations—they spell out what a company should do, how it should respect its stakeholders and create added value, how it should not create harms to communities or to the environment, and how and in what ways it should or is not obliged to promote further social, economic, and environmental well-being. Everything is fine till organizations are aware about distinctions between CSR and Moral responsibility, the fear of its amalgamation, is two dimensional, by adapting a CSR posture, we will expect too much from corporate or by focusing on moral responsibility



we will neglect societal effects and obligations. Elucidating this, Werhane gives three broader and elementary varieties of responsibilities of corporates which gives them space to operate 'morally' in society and raises questions on morality spelled out by corporates, these three responsibilities are

1. *legal responsibilities* as spelled out by the constitution and laws of the countries in which companies operate. Most authors have been careful not to confuse CSR with corporate legal obligations as prescribed by law.
2. *fiduciary responsibilities* to shareholders for a return on their investment, to employees and suppliers for fair treatment and adequate remuneration, and to customers to deliver what they paid for. Commonly in many of the cases, fiduciary obligations to shareholders are not always weighed equally with other obligations to other stakeholders to the environment. This is interesting, if not a weakness, since those obligations still weigh heavily upon managers and are justified in our legal system.
3. *further responsibilities*, to respect the dignity and rights of their stakeholders, to respect the cultures and societies in which they operate, and to preserve, if not to improve, the ecosystem.

*But what is the nature and extent of these? Are these all moral obligations; that is, do they spell out what a company, or at least a good company, should do? Are they required? Or do they merely spell out exemplary discretionary standards of some exemplary companies? As long as a company is not creating more harm than good, it could be argued that these are nice things to do, and that they exemplify good citizenship, but companies are not deliberately socially proactive are not necessarily evil.*

Corporate responsibility initiatives in India must go beyond legalities and make implicit assumptions so that corporates can be categorized through distinguishing among corporate, moral and social responsibilities and thus, it'll make it effective legitimization in Indian society. Numerous ethical and social confusions are faced by corporations and society in India today, because of heavy flow of CSR literature and more awareness about societal expectations among intellectuals. But impact of term CSR is getting diluted to by its frequent, some times irrelevant, and superficial understanding of responsibility. Many CSR literature do not carefully bring out the range and limitations of CSR and moral obligations. On other side, MNCs are considered as powerful agent for economic development in India (and in other countries also) but they are limitedly understood because of using economic indicators for development. The overlapping network of obligations and responsibilities of corporations, civil society, traditions, culture and many times even religion should not be neglected while focusing on CSR. Thus, corporations in India are expected get more responsible and sensitive towards the society.

## Final Word

In India, many coproates are popular because of staying one step ahead in welfare of society, though concept of corporate social responsibility is not new to Indian corporates it is now seems to be blended with global notion of giving back to society and seems to loosing inherent values of doing good (not only giving back) to society. Indian (and even global) coporations has potential not only to address social and environment crises and but also to raise crisis.

Corporates are expected to be more sensitive towards their behaviour done in the name of social responsibility. They can be made more sensitive by regulating (having subjective check on commitment and delivery), expecting more responsiveness (no 'half truth' should be allowed) and involvement (participation of secondary stakeholders). For instance voice of consumer should be set respected, it should got beyond the product feedbacks because consumers are the real community having right to expect and accept changes from organizations.

Coporate should not be assumed as external force influencing, negatively or positively towards society, corporations are internal part of society and some members of society are internal part of coporations. Thus, doing 'good' to external world is not enough. Internally also corporates should show its responsible behaviour and should probatively allow individuality, critical voice and personal insights of people at work at any level of organizational hierarchy.

As Friedman says, only social responsibility of coporates is to make profit, needs to understood critically. It is obvious that organizations has fiduciary duty towards its investors but this duty should not create any harm to social and environmental system. There is a point of concern here in terms of expectations from coporates and expectations from society. It's a organizational challenge for Indian corporates to understand complex overlapping network of social responsibilities and moral obligations in Indian society.

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