

Responsibility In-Focus: Deconstructing “Corporate Social Responsibility” Concept

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ABSTRACT

The term “Corporate Social Responsibility” has gained lot of momentum in the last few decades. Several scholars have tried to deconstruct what it actually means and the kind of responsibility corporate organizations have. Carroll’s pyramidal model has made significant contribution to the debate by categorizing corporate social responsibility into four broad dimensions: Economic, Legal, Ethical and Philanthropic. While several scholars have emphasized these four dimensions in different perspectives, the debate seems to remain persistent. This paper looks into different dimensions of corporate social responsibility and tries to deconstruct its primary motive. Through the scanning of literatures available on the definitions of corporate social responsibility concept, this paper tries to understand the focus of such an attempt. It then takes the help of qualitative in-depth interview methodology to understand what the corporate managers in India across sectors feel about corporate social responsibility. This leads to convergence of literature review and in-depth interview findings benefiting both academic and corporate world. The findings suggest that although companies seem to accomplish such responsibility for societal purposes, the ultimate objective is an economically viable model which leads to the sustainability of a corporate organization. A model is suggested based on the above findings.

Keywords: *Carroll’s Model, Corporate Social Responsibility (CSR) Model, Economic, Globalization, Triple Bottom Line (TBL)*

INTRODUCTION

Corporate Social Responsibility (CSR) as a term has gained currency in the last few decades. However, the concept dates back to the industrial revolution when the employees forced the management to show concern about the working conditions in factories. Corporate houses, in the initial stages of its evolution, came into existence as a separate institution which looked into the needs of the society in an objective

manner. Today, with the advent of a concept called “globalization” interconnectedness has crept in every institution existent in society. The result is a change in perspective of corporate institutions. Corporate houses are no longer considered as stand-alone institutions bereft of societal interventions. The change of perception is responsible partly due to governmental inefficiencies and partly due to skepticism about the legitimacy of Multi-National Corporations (MNCs) into a foreign country. From the time

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of the industrial revolution till date, the numbers of gatekeepers have increased in society. Simultaneously, different institutions playing the role of a watchdog have also increased. Every organization today becomes responsible for the action that it accomplishes which affects society directly or indirectly. However, questions have been raised about genetically what responsibility does a corporate have? Is it doing something beyond what it is required to do for society? Is it doing for society or for itself? Will Corporate Social Responsibility be a sustainable model for Corporate's long term existence?

The objective of this paper is to deconstruct the term 'Corporate Social Responsibility' and understand its different perspectives from the point of view of different scholars. This paper, through research findings, would try to understand where Corporate Social Responsibility is heading towards and whether it is benefitting the corporate or any of its stakeholders in any way.

LITERATURE REVIEW

The word "social" in Corporate Social Responsibility is an interesting linchpin of understanding. Society as defined in Oxford Dictionary (2012) relevant to this paper, is "the community of people living in a particular country or region and having shared customs, laws, and organizations". Usually the society of a corporate comprises of all the stakeholders who are directly or indirectly affected by the company's activities. According to Freeman (1984), "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievements of the organization's objectives." Taking a step further and understanding the constituents of stakeholder theory, a model developed by Werther and Chandler (2010: 35), suggests that there are three types of stakeholders which represent the 'society' of an organization: economic stakeholders, organizational stakeholders and societal stakeholders. All these stakeholders contribute to the 'social' part of Corporate Social Responsibility. The

understanding of the concept of society would enable scholars to understand the environment in which both the corporate and the "society" of the corporate interact and affect each other.

The second part of the term is to understand the "social responsibility" aspect of Corporate Social Responsibility. Bowen (1953: 6) viewed social responsibility as "it (SR) 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". Supporting Bowen partially, another veteran scholar, McGuire (1963) stated "the idea of social responsibility supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations." Again, Walton (1967) defines social responsibility as "in short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and the society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals". This definition of Walton indicates the interconnected nature of social responsibility that the corporate must undertake for their benefit and for the benefit of society at large.

Finally "Corporate Social Responsibility" has been perceived and defined by many scholars in a variety of ways. Theodor Levitt (1958) opined, "Corporate welfare makes good sense if it makes good economic sense- and not infrequently it does. But if something does not make economic sense, sentiment or idealism ought not to let it in the door". Milton Friedman (1970) looked upon corporate social responsibility from the point of view of an economist. He was of the view, "There is one and only one 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 competitions, without deceptions and fraud". This definition has been quoted im-

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