

# SOCIO-CULTURAL DIMENSIONS AND CSR IN DEVELOPING COUNTRIES

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## Abstract

We describe a variety of perspectives on corporate social responsibility, which we use to develop a framework for consideration of the strategic implications of CSR. Based on this framework, we propose an agenda for additional theoretical and empirical research on CSR. This article defines corporate social performance and reformulates the CSP model to build a coherent, integrative framework for business and society research. Principles of social responsibility are framed at the institutional, organizational, and individual levels; processes of social responsiveness are shown to be environmental assessment, stakeholder management, and issues management; and outcomes of CSP are posed as social impacts, programs, and policies. This article maps out the crucial role and responsibilities for business in fighting poverty and acting responsibly in developing countries. It then reviews the research which has been conducted at a global and regional level, before considering the main CSR drivers in developing countries. Finally, it proposes a model of CSR in developing countries, before concluding with a summary and recommendations for future research.

**Key words:** Corporate social responsibility, business ethics, social obligations, etc.

## 1. Introduction

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. CSR 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 consider as stakeholders. The term corporate social responsibility came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact.

## 2. Ways to practice CSR

Recognizing how important social responsibility is to their customers, many companies now focus on and practice a few broad categories of CSR:

1. **Environmental efforts:** One primary focus of corporate social responsibility is the environment. Businesses regardless of size have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society.

2. **Philanthropy:** Businesses can practice social responsibility by donating money, products or services to social causes. Larger companies tend to have a lot of resources that can benefit charities and local community programs.

3. **Ethical labor practices:** By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labor laws that differ from those in the United States.

4. **Volunteering:** Attending volunteer events says a lot about a company's sincerity. By doing good deeds without expecting anything in return, companies can express their concern for specific issues and support for certain organizations.

### 3. Benefits of Corporate social responsibility

Undertaking socially responsible initiatives is truly a win-win situation. Not only will your company appeal to socially conscious consumers and employees, but you'll also make a real difference in the world. Cooney stated that in CSR, transparency and honesty about what you're doing are paramount to earning the public's trust. If decisions are made behind closed doors, people will wonder if there are strings attached. The following are the benefits of corporate social responsibility of business.

**The ability to have positive impact in the community:** Keeping social responsibility front of mind encourages businesses to act ethically and to consider the social and environmental impacts of their business. In doing so, organizations can avoid or mitigate detrimental impacts of their business on the community. In some cases, organizations will find ways to make changes in their services or value chain that actually delivers benefits for the community, where they once didn't.

**It supports public value outcomes:** Public value is about the value that an organization contributes to society. A sound, robust corporate social responsibility framework and organizational mindset can genuinely help organizations deliver public value outcomes by focusing on how their services can make a difference in the community. This might happen indirectly, where an organization's services enable others to contribute to the community, or directly through the organization's own activities, such as volunteerism and philanthropy.

**It supports being an employer of choice:** Being an employer of choice typically translates into the company's ability to attract and retain high caliber staff. There are ways to approach being an employer of choice, including offering work life balance, positive working conditions and work place flexibility. Corporate social responsibility framework can also help a company become more attractive to potential future employees who are looking for workplaces with socially responsible practices, community mindedness and sound ethics.

**It encourages both professional and personal development:** Providing employees with the opportunity to be involved in a company's socially responsible activities can have the benefit of teaching new skills to staff, which can in turn be applied in the workplace. By undertaking activities outside of their usual work responsibilities, employees have the chance to contribute to work and causes that they might feel passionate about, or learn something entirely new which can help enrich their own perspectives. By supporting these activities, organizations encourage growth and support for employees.

**It enhances relationships with clients:** A strong corporate social responsibility framework is essential to building and maintaining trust between the company and clients. It can strengthen ties, build alliances and foster strong working relationships with both existing and new clients. One way this can be achieved is by offering pro-bono or similar services where a company can partner with not-for-profit organizations to support their public value outcomes, where funds or resources may be limited. In turn, this helps deliver public value outcomes that may not have been delivered otherwise.

#### 4. CSR Activities

- Management rationale / top management message.
- Management philosophy.
- Management.
- Respect for human rights / optimal work environment.
- Environmental activities.
- Fair business activities.
- Customer concerns.

#### 5. Corporate social responsibility and business sustainability

Corporate social responsibility, often called simply CSR, refers to doing business in ways that benefit, rather than harm, society and the environment. Business sustainability refers to a company's ability to survive into the future and to eventually outlive its current owners. Although these concepts may seem dissimilar at first, there is an inseparable link between CSR and business sustainability. Understanding how acting ethically and responsibly in the marketplace can influence your financial stability and the future of your business is essential for entrepreneurs and executives alike.

## 6. Environmental responsibility

The concept of social responsibility can be broken down into a number of categories, each of which can be more or less of a concern in different industries. Environmental responsibility refers to the ethical management of the impacts that business operations have on water, air, earth, wild animals and non-renewable natural resources. Companies such as natural-resource refineries and chemical producers generally incur greater impacts on the environment than other types of businesses, such as local retail shops, making this aspect of CSR especially important in certain industries.

## 7. Economic responsibility

A corporation can cause a wide range of external impacts on various stakeholder groups, sometimes with economic consequences. The business models of large companies can impact local wage levels while simultaneously impacting the local economy of a community. A corporation could unethically take advantage of child labor in an Asian country while paying minimum wage in the U.S. for example, or it could pay a living wage in the U.S. while sourcing from ethically certified international suppliers, either decimating or strengthening the two local economies.

## 8. Public health and political responsibility

Ethical behaviour in the area of public health and politics are equally important. Decisions made by corporations selling food products, medicine, addictive recreational substances, and even entertainment can impact consumers on a physical, emotional and psychological level, potentially influencing deep cultural change. This carries a weighty responsibility to market products that do not inherently cause harm to people who use them as intended. The ability of corporations to fund political campaigns gives them a great deal of power in the political process, placing another huge ethical responsibility on their shoulders as they face decisions that seem to place social responsibility and business sustainability at odds. When legislation proposing a ban on cigarette advertising was introduced in the 20<sup>th</sup> century, for example, cigarette companies faced a choice to support or oppose a legal act that could benefit society while threatening their own sustainability.

## 9. Business sustainability

Sustainability is all about the ability to keep the doors open and continue to serve customers. Positive cash flow is essential to sustainability, as it pays today's bills and expenses, but long-term investment and strategic planning are just as important. More than simply ensuring cash on hand, business sustainability requires entrepreneurs and managers to invest in production capacity, research and development, competitive labour, and branding. Sustainability also requires

thorough short, medium and long-term strategies for product development, brand development and continued growth.

## 10. Correlation

Short-term corporate profits can sometimes grow through unethical and irresponsible means, but unscrupulous business practices rarely build the foundation of long-term customer loyalty, legal compliance, and strong brand reputation necessary for sustainability. Doing the right thing may cost a bit more than purely serving the bottom line, but a commitment to social responsibility can build brand equity that stands the test of time. Balancing profit considerations with ethical guidelines for impacting the environment, economies, public health and politics can lead to win-win decisions that keep your company in the black while making positive contributions in the world.

## 11. Types of Corporate Social responsibility

**Environmental sustainability initiatives:** Environmental sustainability initiatives enacted by businesses generally focus on two main areas: limiting pollution and reducing greenhouse gases. As the awareness of environmental issues grows, businesses that take steps to reduce air, land and water pollution can increase their standing as good corporate citizens while also benefiting society as a whole.

**Direct philanthropic giving:** Philanthropic initiatives include the donation of time, money or resources to charities and organizations at local, national or international levels. These donations can be directed to a variety of worthy causes including human rights, national disaster relief, clean water, and education programs in underdeveloped countries. For example, in 2014, Bill Gates was the single largest giver in the world, donating \$1.5 billion in Microsoft stock to the Bill and Melinda Gates Foundation.

**Ethical business practices:** The primary focus on ethics is to provide fair labour practices for businesses, employees as well as suppliers. Fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labour practices for suppliers include the use of products that have been certified as meeting fair trade standards.

**Focus on economic responsibility:** Economic responsibility focuses on practices that facilitate the long-term growth of the business, while also meeting the standards set for ethical, environmental and philanthropic practices. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering

the cost of materials and also benefit society by consuming fewer resources. Sustainability and corporate social responsibility initiatives will continue to be prevalent in years to come.

## 12. Green strategies of CSR

- The LEED certification by the US Green building Council has caused the growth of green building movement.
- Emphasis on green manufacturing in order to reduce the emissions of greenhouse gases and environmental pollutions.
- Green products initiatives in order to reduce the toxic chemicals.
- Product stewardship encourages everyone in the value chain to contribute to product sustainability from producers to regulators to retailers to consumers thereby achieving zero waste and sustainable production.

## 13. Conclusion

CSR is the heart and soul of modern corporations and is an important standard for corporate governance. CSR is an indispensable mechanism for increased corporate accountability, profitability and environmental sustainability. CSR is the pole star for modern corporations in order to maintain the integrity of moral fabrics both inside and outside the corporation while conducting socially responsible business.

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