# Phenomenological Enquiry into Corporate Social Responsibility

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## Abstract:

The notion of Corporate Social Responsibility (CSR) seems appealing amidst unprecedented corporate affluence and power vis-a-vis abject socio-economic and deteriorating environmental conditions. An increasing number of corporations have started exploiting social responsibility as insurance strategy against government intervention, media reporting and consumer reaction to irresponsible corporate behavior. Analyzing retrospectively, current Social Responsibility Practices are far away from letter and spirit. This article aims to present critique of concept and practice of CSR. This phenomenological study, analyzing corporate practices, explores the ulterior motives precipitating corporations espouse CSR and finds that Social Responsibility is not social, it is economic phenomenon. The proposed model of CSR can make it social, sustainable and provide much-needed impetus to practice.

## Keywords

Corporate Social Responsibility, Economic Phenomenon, Ulterior Motives

Amidst affluent and resourceful corporate world, an outsized majority of people across the globe is living below bare minimum subsistence level and struggling for future survival. This disadvantaged and deprived segment is causing a host of socio-economic ills. Meanwhile, corporations are continuing their economic activity without much discomfort and pursuing their bottom line vigorously. However, inter-alia, globalization has caused paradigm shift in dynamics of the corporate world and has made corporations to rethink and redefine their role and responsibility towards diverse stakeholders generally and society in particular. In new economic order, businesses being more resourceful than countries owe a larger responsibility. Along with maximizing shareholders wealth, businesses are fairly expected to create some value for the other stakeholders too.

The economic might and resources possessed by corporations are unmatchable with that of government's. There are many corporations that possess greater wealth than many smaller countries. If corporate sector seriously takes on Corporate Social Responsibility (CSR), it can make real dent to socio-economic problems, society is currently facing. But in the current corporate world, companies are trying hard to stay competitive in the face

of cutthroat competition underway in global economy. They are using Corporate Social Responsibility (CSR) to achieve this end. Companies are reaping multi-dimensional benefits from Corporate Social Responsibility (CSR) ranging from profiteering to potential competitive advantage, damage control, avoiding mandatory legislation, license to operate, public relation and image building. The paradox of maximizing shareholders' value simultaneously along with promoting public good has surfaced in recent years that socially responsible corporations seem to be grappling with. Corporations are facing intense pressure to play more than their traditional role and assume social responsibility as a mainstream activity.   But there are two pertinent questions; is existing Corporate Social Responsibility (CSR) model unsustainable and not social**?** Are there some ulterior motives precipitating Social Responsibility Initiatives**?**

## Contested Concept

Both corporate and academic world are not clear on what is Corporate Social Responsibility? As some authors complained that we tried to find some definition but we could not **(Jackson and Hawker, 2001).** This might not be right rather the issue is of unnecessary and ambiguous definitions that seem subjective and hence obstruct the progress and implementation of the concept **(Van Marrewijk, 2003).** The definitional elusiveness is a significant problem. If Corporate Social Responsibility has numerous competing definitions, people will interpret it in their own way and will act accordingly. This concept has been defined in countless ways which creates misunderstanding and uncertainty. It becomes hard to identify different issues CSR consists of.  Till date, Corporate Social Responsibility lacks consensus definition.

The Corporate Social Responsibility is fundamentally a contested concept. Howard Bowen, known as father of CSR, pioneered this concept in1953 in his book, "Social Responsibilities of the Businessman". Subsequently, it underwent frequent changes and people transformed it into different concepts. So Corporate Social Responsibility somehow overlaps with other concepts like sustainable business, business ethics, community investment, socially responsible investment, environmental responsibility, corporate accountability and corporate citizenship. This concept is very much contextual. However, the problem isn't only with practice but also with the concept.

Responsibility means obligation and a duty. But corporations want to engage stakeholders without assuming any obligation. Most of the authors view CSR as doing those activities for which a corporation has no obligation. Son the term responsibility and its voluntary nature are contradictory. Responsibility means unsolicited and pre-emptive action without knowing who is on the other side whereas corporations engage only when it is valuable for them and with those who are valuable for them. What does the concept of social responsibility suggest? Society will determine the social agenda not corporations themselves whereas, in CSR, scope is defined by company and not by society. Corporation does not know what is good for society, perhaps society knows better.

When it is said that business has responsibilities? Is it correct to say because only people are entrusted with responsibilities and a company is an artificial person, if yes, and then would these responsibilities not amount to be artificial one? On the other hand, if individuals have responsibilities then corporate executives will act in the best interests of

shareholders. Shareholders are owners of a corporation and directors/corporate executives are legally required to pursue the interest of owners.

The search for private gain is contradictory with promotion of public good. Function of business is economic, not social. Accordingly, it should be judged and guided by economic criteria alone. Moreover, a company has a structure which is pathological in pursuing economic interests.

Through CSR companies propagate their 'values' and all companies have only one value i-e share value. If economic gains are primary motivation for corporations, then, can CSR solve the problems, corporations are causing? Companies will continue their destructive activities as long as all these pay-off, can it be called 'responsibility'? It would be unfair to assign both roles to corporation because it will establish hegemony of business.

# Contemporary CSR Model

In contemporary corporate social responsibility model, corporations are doing CSR more for economic motives than social. Organizations are free to pursue any CSR initiative that might not be even the real problem facing community. There is no restriction of time and location. The current CSR model has weaker legislative regime. Organizations are operating under minimum legal requirements with respects to corporate social responsibility. CSR practices are not as such binding on organizations. Regulators virtually impose no or negligible penalty in case corporations do not show any commitment. The organizations are only required to report their CSR practices and there is no check and balance mechanism on reporting practices even. Current CSR model believes more in "corporations being seen to be socially responsible, rather being actually responsible".

## Phenomenological Enquiry

Phenomenology is study of experience. It studies the "phenomena": as things appear in our experience, or the ways we experience things. .Phenomenology is a way of inquiry in philosophy. This method was developed mainly by Edmund Husserl and Martin Heidegger. This method of enquiry explains the "phenomena" as they are perceived. Phenomenology explains the immediate experience of any phenomenon without referring to existing piece of knowledge. With respect to corporate social responsibility phenomenology enquiry interprets corporate practices without associating them with existing theories. Undoubtedly a large number of companies have started practicing Corporate Social Responsibility. Apparently, these corporations engage in CSR for promoting public good but they are pursuing their ulterior interests between the lines.

Coca-Cola announced to provide safe drinking water to community. The company will establish 'EKOCENTER' across Africa, Asia, Latin America and North America. Company will provide safe drinking water through its modern purification system. Moreover, each center will also offer services on health education. Coca-Cola also announces to help people fight obesity and make communities healthier and happier. The company will offer r low- or no-calorie beverage everywhere. The company will provide true information regarding ingredients being used in manufacturing of its beverages.

Moreover, company will support people in physical activity programs everywhere. (Csrwire, 2013).

Every consumer knows how safe Coca-Cola beverages are to drink and how Coca Cola is draining water supplies and putting the lives of people at stake. Are Coca-Cola beverages not the major cause of obesity around the world? Are Coca-Cola carbonated soft drinks not making human immunity system dysfunctional and triggering different types of diseases? The better CSR practice would be rather making its own beverages safe for drinking. Rather educating on health; better is to manufacture drinks conductive to health. Rather than helping in controlling obesity; better is to prepare products not causing obesity. These beverages should be free from all elements causing obesity and other diseases. Moreover this initiative might be taken by the Coca-Cola as a part of its growth strategy by diversifying its business into health services. The organization might be interested to expand its business into sports field. Rather than proving quality and true information about ingredients; more important is to ensure quality of ingredients being used in these beverages because even providing true information about ingredient being used may not help consumer as they would not be able to understand and interpret the technical names of ingredients.

Unilever Hindustan in its CSR report is promoting CSR programs Shakti. The project Shakti is aimed at creating rural entrepreneurs by providing training to 13,000 Indian women. Company teaches them selling and book- keeping skills and equips them with commercial knowledge (Csrwire, 2013).

This activity might be aimed at making rural women skilled and get them employed. When the women become working, almost all the activities are then outsourced to corporate world running different business like cloth cleaning, dining outside, baby care center etc. Moreover, working women are more inclined towards brand than house ladies. The organization is also dealing ruthlessly with its own workers. On in its factory in Assam about 700 workers and union leaders including women have been attacked since 2007 for claiming their basic rights.

In 1929, Alferd's Sloans, President of GM, decided against fitting safety glass to Chevrolets. This was the most protective device ever devised for avoiding injury and death. Sloans' decided against fitting safety glasses because he feared that it would increase the price and may not place organization at competitive disadvantage. (Csrwire, 2013).

The organization should have fitted these safety glasses because these glasses would amount to greater societal benefit than anything else by saving people from injuries and death. If price increase was feared then some part of shareholders' profit should have been sacrificed for the larger societal good. Moreover, role of the government also comes into play and government should legislate for such devices so that it could be binding for all organization to fit such devices and firm may be saved from disadvantage.

Auto makers have started offering consumer more fuel-efficient vehicles, propagating care for the environment. Toyota, the world's second largest automotive manufacturer, promotes its environment friendly image based on its models which emits less greenhouse gases than the standard car but their fuel consumption is very high. Toyota conducts different training and workshops for increasing awareness on pollution and environment conservation. Every year, June is celebrated as 'Environment Month'. Trees

are planted, different seminars and panel discussions are organized to create environmental consciousness (Csrwire, 2013).

These initiatives are actually for creating difference from others and are not for taking care of environment. Celebrating environment month is not the desirable CSR initiatives; advantageous practice is to take care of environment by not polluting it. Celebrating month more seems like managing customer relationship and developing brand loyalty. If trees are to planted why not in trees deficient areas, why only around the organization premises or in surrounding areas? The vehicles manufactured by the organization and polluting the environment are not plying in surrounding areas only. Trees are actually planted for aesthetic sense around the organization premises and for soothing the environment. If these destructive corporations are the leaders, then better are the companies lagging behind? This illustrated that projecting a socially responsible picture whilst continuing destructive practices is good for business.

Shell is the first company which published CSR reports. Shell came up with a statement of business principles propagating 'honesty, integrity and respect for people' as core values. An advertising campaign focusing on environmental issues was run successfully. A fresh website was launched and stakeholders were encouraged for advice 'Tell Shell', enabling the company to take community on board in decision-making. Shell expended £20 million on this exercise in 2005 (Csrwire, 2013).

CSR could have been greater if this hefty amount was spent on research for cleaner fuel. Actually all above initiatives were meant for fleecing the public. It was more focused on image uplift and give benefit to company managing this campaign. These initiatives like tell shell were actually meant to have regular feedback of community on products and other organization activities. Participation in decision-making was only the pretext.

Every organization has different motive and different approach towards CSR. In CSR initiatives, people experience different things and perceive organizational CSR practices differently. Individual experience differs from person to person so phenomenology approach is quite relevant for CSR practices.

## Proposed Model

In Corporate Social Responsibility, corporations should use Inward-out Model. CSR should start from inside and then gradually move outside. The corporation should first make internal environment factors favorable and beneficial for the society and then should move towards addressing hazards existing in external environment. CSR might be started with rationalization of prices. Corporations should aim at reasonable profit not maximum profit. Rationalization of prices will have broad-based effect and will benefit the society at large. Secondly operations of corporations should be commensurate with needs of the society in general and employees inside in particular. Like the use of technology should be controlled and space should be created for unemployed youth of the society to get placed. The unemployed youth is a big impediment towards developing better society. During manufacturing process, while using technology, health concerns of public should be given due consideration and manual processing should be preferred where ever it is necessary. Moreover, health and safety of employees along with congenial workplace environment should be very prominent in CSR agenda of corporations. In marketing and selling practices, societal values and interests should be

taken care of. Quality of products should not be compromised with respect to ingredients, nutrition, health effects, and information regarding products.

Regulators should develop sound legislative framework and should be put in place. The legislative framework should prescribe criterion for making CSR mandatory for organization. This framework should define the priority avenues and areas for CSR. Moreover, timing of CSR can also not be overlooked. Corporate social responsibility initiatives should be complementary to socio-economic agenda devised by government.

CSR audit should be in place to identify the motive behind CSR. Organization should be allowed to publicize and propagate only those CSR initiatives that are purely taken for societal good.  Who knows about the money collected for CSR purposes is actually spent for the same purpose?

# Final Remarks

Most of the CSR activity is triggered by the problems caused by these organizations themselves. If corporations use inward-out model for CSR practices then it will lead to win-win situation. Ample resources spent on CSR activities would be saved which could be ploughed back into business for ensuring quality practices and less damage will do to society and other stakeholders. Consequently, there will be lesser need of CSR.  In this scenario, society gains more from corporations than corporations do and that is CSR spirit.

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