

Corporate Social Responsibility
Prof. Aradhna Malik.
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture - 04
Theories of CSR

Welcome back to the MOOC course titled corporate social responsibility. And my name is Aradhna Malik, and I am helping you with this course. And we were talking about in the previous lecture we discussed some primary theories of corporate social responsibility. In this class we are going to talk about why you know, so important to give back to society, why organizations prior to give back to society. So, the purpose of today's lecture is why CSR. So, why corporate social responsibility? What is the big deal? Ok.

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Approaches to CSR (Lee, 2011)

- **Obstructionist strategy:** Ignorance of social demands for greater responsibility: We do not care!
- **Defensive strategy:** Legal compliance only. We will do only as much as is required.
- **Accommodative strategy:** Legal compliance and stakeholder interests. We will do what is required and try to keep stakeholders happy.
- **Proactive strategy:** We will actively work for the welfare of the community whether or not we get noticed.


Why CSR? Then approaches the CSR are, what do people things and in maintain corporate social responsibility?

So, some ways in which organization which forms the corporate social responsibility, are one is the obstructionist strategy. We do not care; there are difficulty places demands on us, to society wants such to give back to the society. We do not care let them we pass them for it that is the obstructionist strategy. The second one here is defensive strategy; we will do only as much as is required we will compliance with the laws that restorative

is not our problem. The third is the accommodative strategy, we realize that it is important we will take care of our community we will do what is required and also try to keep the stakeholders happy as long as some body is noticing what you are going we are. So, this is know what you are doing because, you want to keep of that whether they happy.

So, we will comply with the law, so we indicate so may be few of such step and we will try to keep everybody happy. And the first one is go after strategy. We do not care when notices other words, our internal it is our basic primary responsibility to look after the community. So, it does not matter going watching whose not watching, it does not matter what the laws are even if the laws are not there even if nobodies noticing at we will still do good for the community that we are again. So, these are the 4 ways in which organization think about the environment that the functioning before primary approaches of course, these are not continuous right that there is a continued that is the (Refer Time: 02:52).

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 **Approaches to CSR (Contd.)** (Lee, 2011)

	Institutional pressure	
Stakeholder pressure	Weak	Intense
Weak	Obstructionist: Absence of external pressures	Defensive: Institutional pressure without stakeholder support
Intense	Accommodative: Stakeholder pressure without institutional legitimacy	Proactive: Synchrony in external pressures

So and how do organizations decide what they want to do, if the institutional pressure is higher? So, if there are laws and all in place so, on the top rows and institutional pressure and in the step column we have the stakeholder pressure. Now if the stakeholder pressure is weak. On the institutional pressure is weak the organization we will have one obstructionist up two. So, there is no regulation and nobody the landing work they want

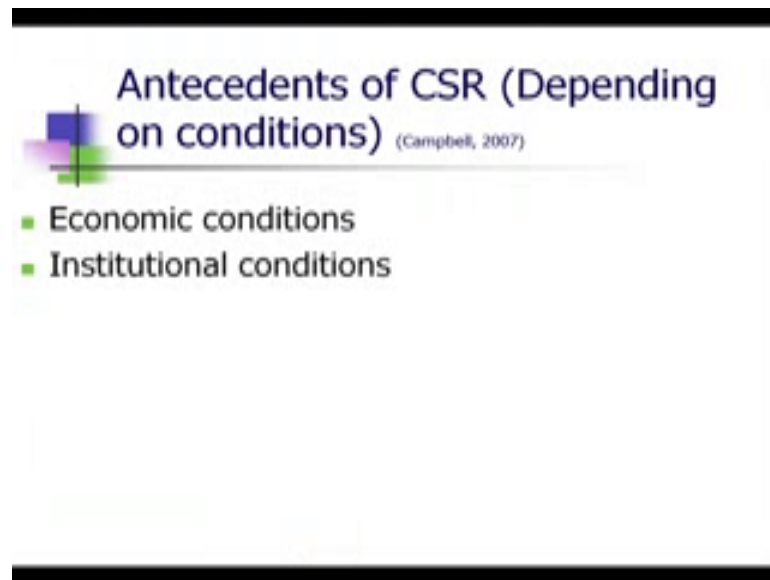
the community challenge there are no laws and rule. So, organization will there is where nobody cares, nobody wants anything from us I should be care they, they this there is we do not want to you know, we will not waste at time in money and resources on getting back to the society in the actions of external pressure the organizations is, we will we were much rather ways at time and money and other resources going something else.

If the stakeholder pressure in weak first, these institutional pressure is instant. So, the organization say we do not say what the stakeholders are saying the laws mandate that what we need to do x, y, z. So, the strategy here is defensive the organization says, if the laws needed we will go ahead and do it, but we will only do what is required to stay out of copy. So, they adopted defense defensive strategy because, which is the result of institutional pressure without stakeholder support. Now if the institutional pressure is weak. So, laws and rules are flexible, but the stakeholder pressure is high then organization tends to adopt the accommodative strategy which means that people are noticing, if we tribal happy we will be able to survive longer and the community.

So, stakeholder pressure without institutional legitimacy or without much institutional pressure we will lead to the accommodative strategy. And if both are intense, stakeholders are also demanding stakeholders could be internal extend employees implies to be motivated. So, employees of an organization are internal stakeholders could be employ could be people and the community. So, if the stakeholders pressure is high and the laws in rules are also very strict, when the organization say is well if everybody needs this less go all out, in turn the adopt the pro active strategy and I will say I just said, that we will do what is what are we need to do without we I have we do not care if anyone is watching or not. That it appears like that and that may really it is that may really be what, what eventually happened.

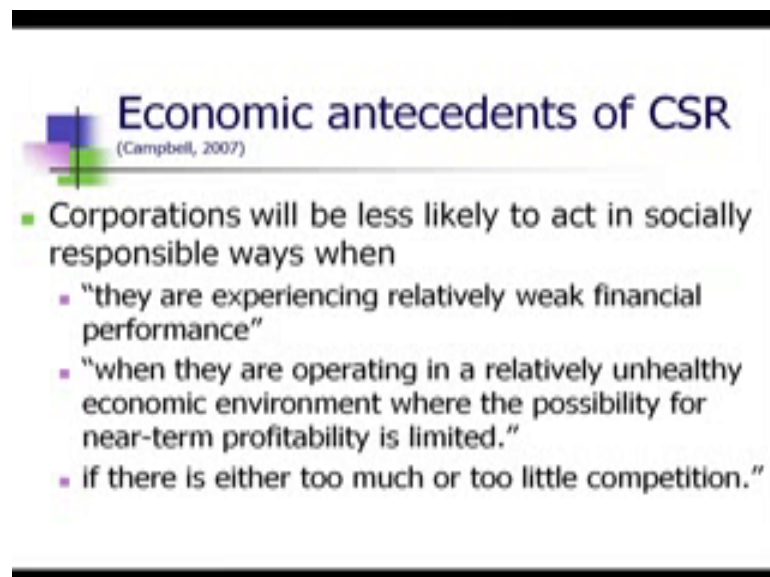
But both process are high. So, the organization says we will go ahead and do what is required we will go all out we will go above and beyond the service duty and we are start helping the community. So, everybody the dabbling the people who have been affected by the organization everybody happy, ok.

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So, antecedents of corporate social responsibility depending on conditions. What they lead to corporate social responsibility we have economic conditions and institutional conditions. Corporations will be economic antecedents; corporations will be less likely to act in socially responsible ways.

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When they are experiencing relatively weak financial performance they work have the many how we will they give back to the society if they are not financially stable they will not be able to give back to the society or when they are operating in a relatively

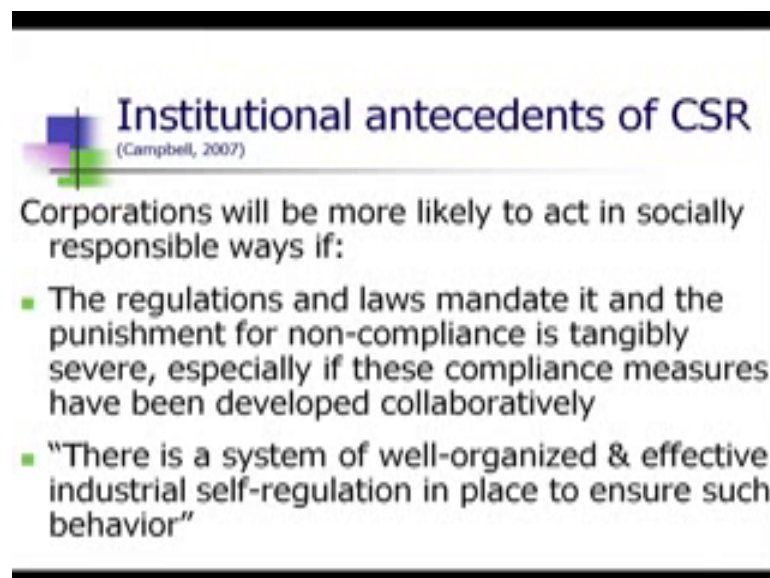
unhealthy economic environment. So, the possibility for near term profitability is limited.

So, they will not be inclined to give back to the society if there are high risk of them not making too much money or not making money in a stable manner. So, on that time we say we must conserve I have resourcing because there is a risk, that we may not be making the least profit is in the next future or we do not know when unexpected eventually come and they will prevent task form making the profit is we are making to this. So, they will be they will feel constrain they will feel under pressure and they will they may not want to give so much part to the society or if there is too much of too little competition.

Now, again too much competition is a stress today's distinct for any organization. So, they are (Refer Time: 07:59) all there resources in people have with the competition.

And if this 2 little completion they say well say what if you are not giving back to the society. So, what we are the only when if does not may not be they does not (Refer Time: 18:15) sound. So, whether people we live up to people expectations or not we will stay be round.

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Institutional antecedents of CSR
(Campbell, 2007)

Corporations will be more likely to act in socially responsible ways if:

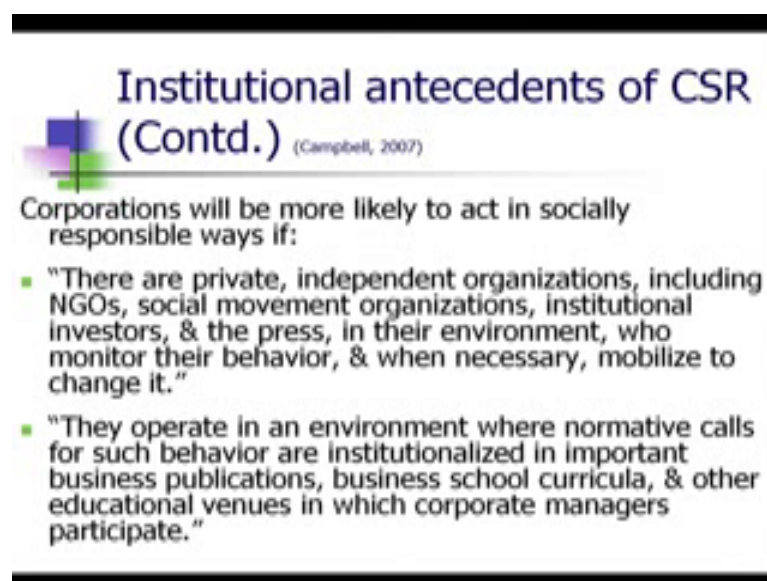
- The regulations and laws mandate it and the punishment for non-compliance is tangibly severe, especially if these compliance measures have been developed collaboratively
- "There is a system of well-organized & effective industrial self-regulation in place to ensure such behavior"

And so, the pressure the stakeholder pressure is low (Refer Time: 08:28) is too little competition and so, people say where we may not want to you know it vary does not

help us to give back to this society. Institutional antecedents of CSR are corporations will be more likely to act in socially responsible ways, if the regulations and laws mandated and the punishment for non compliance is tangibly severe, especially if these compliance measures have been developed collaboratively between the organization and the legal and the institutional feedback. There will be go (Refer Time: 09:02) there will be (Refer Time: 09:04) taken or the compliance mechanism in such where the organizations that required compliance have been working collaboratively with the organizations form whom there requirement plans, and they then collaborately co collaboratively develop a compliance system and they say where we have to, and we said yes we would be able to this.

So, now (Refer Time: 09:29) do it and, and if the laws are severe to it is not been input that has been developed collaboratively and then the organizations are expected to follow these rules or policies or you know directive, but are given to them. So, and the punishment for non compliance is high. So, they will I can socially responsible ways. They will also they more likely to act in socially responsible ways if there is a system of well organized and effective industrial self regulations in place to ensure such behavior. It is not only the rules it is also the various industry they are a part of (Refer Time: 10:11), if the industry mandates or if the industry process them to act an socially responsible ways people around them are doing it, I should do not do it.

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Institutional antecedents of CSR
(Contd.) (Campbell, 2007)

Corporations will be more likely to act in socially responsible ways if:

- "There are private, independent organizations, including NGOs, social movement organizations, institutional investors, & the press, in their environment, who monitor their behavior, & when necessary, mobilize to change it."
- "They operate in an environment where normative calls for such behavior are institutionalized in important business publications, business school curricula, & other educational venues in which corporate managers participate."

So, there will be silly write off they do not do it. So, there is start acting in socially responsible way. There will be more likely to act in socially responsible ways if they are private independent organizations including NGOs social movement organizations institutional investors and the press in their environment. Who monitor and, their private organization and there are there are organization that monitor their behavior. So, if some bodies watching them then their more likely to indigent, or their more likely to give back to the society because, the stakeholder procedure can come if they do not. Somebody we will point out then say, hey we need to do this, why are you doing this? Now why are you hurting may environment power you are making? So, much money whereas, all this money going please give something back to the society.

So, somebody watching them (Refer Time: 11:13) watching them NGOs are directed they will be more likely to give back to the society if they operate in an environment where normative calls for such behavior are institutionalized in important business publications, business school curricula and other educational venues, in which corporate managers participate to (Refer Time: 11:33). We note the first school of management have a cosine ethic you also have the optimal speaking a course in, various branches they related to ethics possibly even corporate social responsibility there cause to be ethical that or the participating lot of voluntary program. They are very, very alert to work there responsibility to the society, if we are a student in (Refer Time: 12:02). So, much and guarantee that we will not be give back to society. Within a students like that we teach some about their which responsibility to their environment.

So, we sendoff manager who were understand that there is no way there is no at a low of function. It is an important part of the business school curriculum of a well known business school. So, there is that is what then do or business publication, well known business publication stock about it, or the media talks about it too. So, this is an institutional system people know that this is important and they go ahead and do it.

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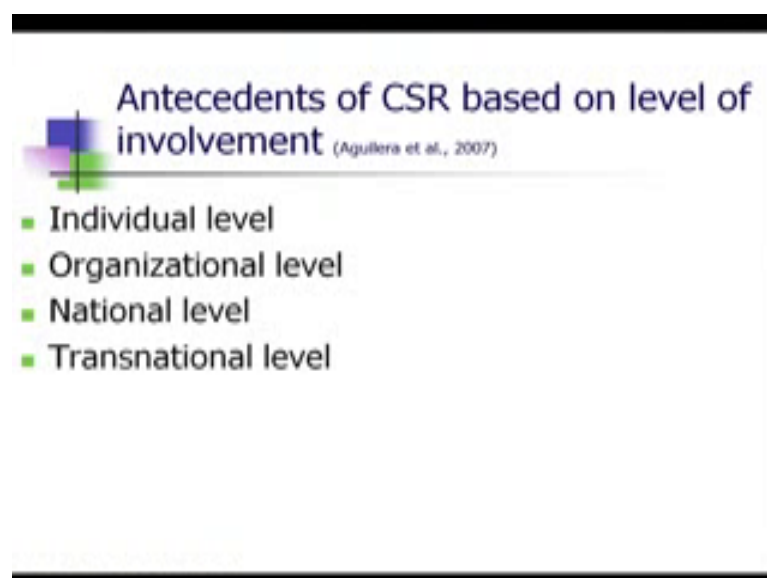
Institutional antecedents of CSR (Contd.) (Campbell, 2007)

Corporations will be more likely to act in socially responsible ways if:

- "They belong to trade or employer associations [that] are organized in ways that promote socially responsible behavior."
- "They are engaged in institutionalized dialogue with unions, employees, community groups, investors, & other stakeholders."

Then they are, they will more likely to act in socially responsible ways, if they belong to trade or employer associations that are organized in ways that promote socially responsible behavior. That part of a (Refer Time: 12:57) pushing it there part of, collaborative effort that is pushing in they are part of, of a group of organizations that is pushed into. So, they will go head and behave in socially responsible ways they are engaged in institutionalized dialogue with unions employees community groups and investors and other stakeholders. The computational (Refer Time: 13:22) into theories of by a take in products.

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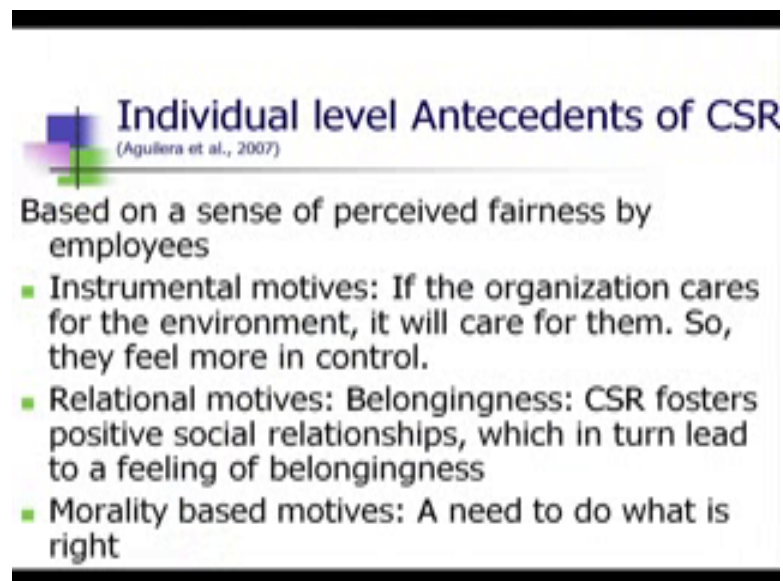


Antecedents of CSR based on level of involvement (Aguilera et al., 2007)

- Individual level
- Organizational level
- National level
- Transnational level

So, they will act in socially responsible which. So, these are some of the institutional methods institutional reason for organization to act in socially responsible ways. Antecedents of CSR based on the level of involvement, to some antecedents some based essential difference to based on the level of involvement. Individual level with at the level of employee the organizational national and transnational, just talk about (Refer Time: 13:55) he says.

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Individual level Antecedents of CSR
(Aguilera et al., 2007)

Based on a sense of perceived fairness by employees

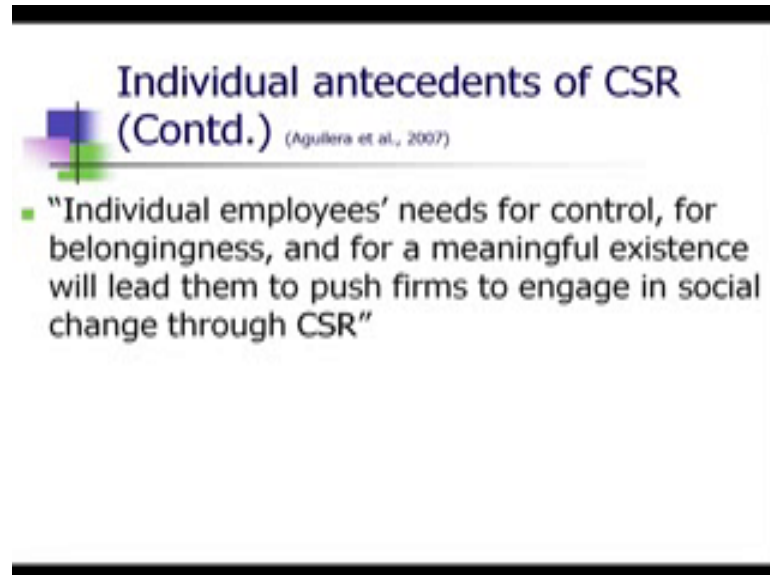
- Instrumental motives: If the organization cares for the environment, it will care for them. So, they feel more in control.
- Relational motives: Belongingness: CSR fosters positive social relationships, which in turn lead to a feeling of belongingness
- Morality based motives: A need to do what is right

The individual, now this is based on a paper that talks about justice. Social justice, the underline cause of giving back to the society the con the concept of justice or the understanding of social justice or the underlining reason for giving back to society. For the individual level, they could have 3 different motives. The first motive is the, the instrumental motives with them. All of the at all these levels we have 3 different type of motives in the instrumental motives, the relation motives, and the morality based motives. Now based on a sense of perceived fairness by employees instrumental motives are if the organization cares for the environment it will care for them.

So, they feel more in control if at all you can control our own environment our serve because, the organization is taking care of first and we have a response in everything. So, they will become more socially responsible. Relational motives are belongingness CSR fosters positive social relationships which in turn, lead to a feeling of the belongingness all of are participate all of are start doing things together. So, with that they (Refer Time:

15:14) sense of belongingness, I am a part of this organization and I am doing this on my own. Morality based motives or feel I have to do well or the individual level I have been going ahead and do things that are right firm an environment.

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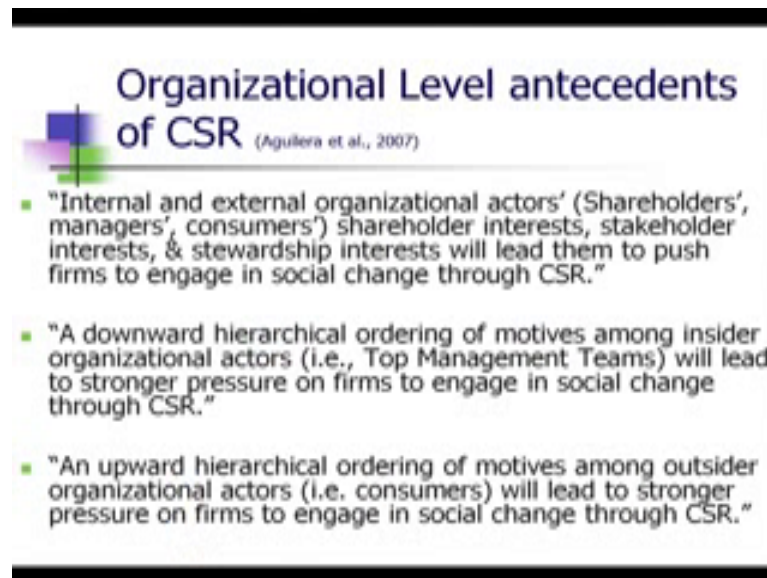
Individual antecedents of CSR
(Contd.) (Aguilera et al., 2007)

- "Individual employees' needs for control, for belongingness, and for a meaningful existence will lead them to push firms to engage in social change through CSR"

Individual employees needs for control for belongingness and for a meaningful existence will lead them to push firms to engage in social change through corporate social responsibility.

This is what Aguilera at all proposed. And that is on that is really this is what Aguilera and associate that supposing, and this is really what happens if people are doing that at an individual level it very you know propagate within the organization .

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Organizational Level antecedents of CSR (Aguilera et al., 2007)

- "Internal and external organizational actors' (Shareholders', managers', consumers') shareholder interests, stakeholder interests, & stewardship interests will lead them to push firms to engage in social change through CSR."
- "A downward hierarchical ordering of motives among insider organizational actors (i.e., Top Management Teams) will lead to stronger pressure on firms to engage in social change through CSR."
- "An upward hierarchical ordering of motives among outsider organizational actors (i.e. consumers) will lead to stronger pressure on firms to engage in social change through CSR."

Organizational level antecedents internal external organizational actors. Where they could be the shareholders, managers and consumers interest, stakeholders interest and towards the (Refer Time: 16:12) will lead them to push firms to engage in social change through CSR. A downward hierarchical ordering of motives among insider organizational actors that is the top management teams we will lead to stronger pressure on firms to engage in social change through CSR.

So, at the organizational level, they came the people who can make the difference are then push in the organization to indulge in CSR activities. An upward hierarchical ordering of motives among outsider organizational actors that is the consumers, they will lead to stronger pressure on firms to engage in social change through CSR.

So, the outsider organizational activities are then pressurizing the organization to give back to the society antecedents of CSR at the national level.

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Antecedents of CSR at the national level (Aguilera et al., 2007)

- Instrumental motives: Promotion of international competitiveness
- Relational motives: Promotion of social cohesion and social partnership between different strata of society and marginalized groups
- Moral motives: Collective responsibility to the betterment of society

The instrumental motives here are promotion of inter international competitiveness or the national level. So, intra and international comparativeness may be promoted. So, there is so, when they have control and what they give back to the society relational motives are promotion of social cohesion and social partnership between the different strata of society and marginalized groups. It is how the money give back to the society you will you know bound with the community and at the national level people can really do that.

Moral motives are as a collective responsibility to the betterment of society. So, if I have an industry that can say what are purifiers for example, so I will start may be put a plan. So, we will get together we will put a plan what the (Refer Time: 17:51) plant in a place, there where the what is very dirty people need water, but they do not have enough water to drink. So, may be the organizations is get together and put something there and through the technology they have why because we are earning so much.

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Antecedents of CSR at the national level (Contd.) (Aguilera et al., 2007)

- "Governments' interests in establishing competitive business environments, promoting social cohesion, & fostering collective responsibility for the betterment of society will lead them to push firms to engage in social change through CSR."
- "A compensatory relationship of motives in governments will lead to stronger pressure on firms to engage in social change through CSR."

So, we need to give back to the society and we have a collective responsibility as an industry to get their of the environment around us. Governments interests in establishing comparative business environments, promoting social cohesion and fostering collective responsibility for the betterment of society will lead them to push firms to engage in CSR to in social change through CSR. The government will say well we will give these benefit is to organizations that invest more in CSR, to the increase competitions they, they save we will perceived the organizations that are good to the society in a better way. They could have subsidy, they could have you know, we easy for missing they could have some additional benefit is from the governments. They promote in particular ness within the organizations they encourage organizations to do, to do better we have to produced better and also to do good work in the society, and that way that that can be lead or that in pushed organizations to give back to the society.

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Antecedents of CSR at the transnational level (Aguilera et al., 2007)

- Instrumental motives:
 - Power to facilitate NGOs and social welfare groups
 - Promotion of competitiveness among businesses
- Relational motives:
 - Collaborative relationships among Inter Government Organizations (IGOs)
- Moral motives: Altruism: "...trying to make the world a better place to live in"

A compensatory relationship of motives in governments will lead to stronger pressure on firms to engage in social change through the CSR. So, there is a compensative relationships or motives within the government then pushes for better CSR, then at the transnational level. So, across nation the multinational corporation based in several organization. The instrumental motives here are power to facilitate NGOs and social welfare groups, we have the money we have funding these organization. So, we can postponed do good. So, we have the money and we will give back to the society through these NGOs. So, we can so promotion of competitiveness among businesses that is the businesses that I have given more to the society or perceived better by the environment, relational motives are collaborative relationships among inter government organization.

So, organizations that are given back to the society amongst, or organizations that are involved in the transnational organizations and in, in some how can (Refer Time: 20:40) transnational organizations or then, you know collaborative relationship performed because of the CSR activities between the inter government organizations. And the moral motives are altruism, they are all trying to make the world a better place to live in.

We are all trying to make the world more comfortable for each other. So, these are some of the motives and antecedents of corporate social responsibility and the transnational level.

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Antecedents of CSR at the transnational level (Contd.) (Aguilera et al., 2007)

- "NGOs need for power for alignments/ collaborations, & for altruism will lead them to push firms to engage in social change through CSR."
- "IGOs interests in promoting competition, social cohesion, & collective responsibility will lead them to push firms to engage in social change through CSR."
- "The existence of a multiplicative relationship of motives among transnational actors will lead to stronger firm pressure to engage in social change through CSR, depending on the density & intensity of positive NGO, governmental, & intergovernmental action."

And then the proposition here is that NGO is need for power, for alignments or collaborations and for altruism will lead them to push firms to engage in social change through CSR. So, NGO's operating at the transnational level then we will push organizations that are operating at the transnational level to give back to the society. The interests of the IGOs of the inter government organizations in promoting competition, social cohesion and collective responsibility. Will lead them to push firms to engage in social change through CSR because, the firms are getting better visibility, stability people are thinking they are good you know.

Then The existence of a multiplicative relationship of motives among transnational actors, will lead to stronger firm pressure to engage in social change through CSR depending on the density and intensity of positive NGO government, governmental land intergovernmental action. Whatever I said is now put in this chart.

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CSR Motives at multiple levels of analysis (Aguilera et al., 2007)

Motives	Individual	Organizational	National	Transnational	
				Intergovernmental entities	Corporate interest groups & NGOs
Instrumental	Need for control	Shareholder interests (Short Term)	Competitiveness	Competitiveness	Power (obtain scarce resources)
Relational	Need for belongingness	Stakeholder interests Legitimation/ collective identity (long term)	Social cohesion	Social cohesion	Interest alignment, collaboration & quasi-regulation
Moral	Need for meaningful existence	Stewardship interests Higher-order values	Collective responsibility	Collective responsibility	Altruism
Interactions	Upward hierarchical	Insider downward hierarchical Outsider upward hierarchical	Compensatory	Compensatory	Multiplicative

How does this happen? So, we have motives various types of motives on the left, and in the top row we have the different levels at which the organizations up act. At the individual level the instrumental motive is need for control then, at the organizational level the instrumental motive here is shareholder interests. National level it is competitiveness, intergovernmental entities again transnational is broken into to intergovernmental and it is an corporate interest groups and NGOs.

So, competitiveness and the corporate interest groups have a need for power which is to obtain scarce resources. So, they go ahead and indulgent CSR relational motive is need for belongingness at the individual level, I am doing it and part of this organization that is doing good for the community. So, because I am part of this organization and doing good and because the organization has a good reputation, my reputation will also be good because, I am doing good, I will contribute to the good reputation of the organization. At the organizational level there are stakeholder interests or legitimation or collective identity which is long term.

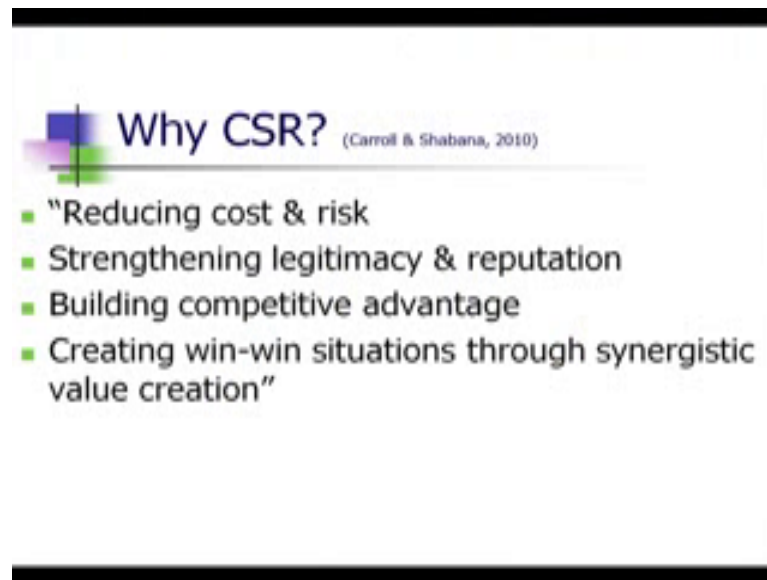
So, that is the relational motive. We want people to CSR as a good organization as a responsible organization, we want to look after the interest of the people connected with the organization. So, we are doing this for the welfare of the people connected with the organization. At the national level it is social cohesion. We are not a unique entity. We are not isolated, we are together we are in it together, we are not really disadvantaging

anyone, we are making so much money. So, we will give back to the disadvantaged sections of the society. At the transnational level again for intergovernmental entities it is social cohesion and at the level of the corporate interest groups and NGO's it is interest alignment collaboration and quasi regulation. So, we are collaborating, we are getting in touch, we doing things together. Then if the motive is moral then, at the individual level it is need for meaningful existence. I am a good person I would like to do good for the community at my own level I will do whatever I can in my capacity.

At the organizational level it is the stewardship interest. The higher order values of the organization it is the vision of our organization to make the environment around it better. Then at the national level the motive is a collective responsibility, we are in industry we are doing things together, it is our collective responsibility to give back to the society. Then at the transnational level again the corporate interest groups and NGO say, we just wanted to good we just wanted to make the world a better place to live in. So, it is all tourism, the interactions between these motives here at the individual level it is a upward hierarchical. So, we led the higher ups you know it sort of goes from bottom to up.

At the organizational level it is inside a downward hierarchical. So, the top management says we all have to get together and do something and it percolates down to the individual level, but the outsiders are pushing the organization to do something. So, it is outward outsider upward hierarchical, they are pushing people to do something good. At the national level it is compensatory, the interactions are we do good for the community the community perceives has to be good it helps us stabilize more. Intergovernmental entities again it is compensatory we sort of benefit each other and at the level of the corporate interest groups and NGOs it is multiplicative.

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So, this effort grows as we move along. Now why CSR, just very briefly it let us sum up everything we have said this. Seems very complicated it is not. Why do we indulge? Why do organizations indulge incorporate social responsibility activities? The first is to reduce the cost and risk. The second thing here is to, strengthen the legitimacy and to improve the public reputation of organizations. Third is to, build competitive advantage. We are better than the company in next over, see they are not looking after the environment we are so, you must invest in us. Creating and the last one is here is creating win situations through synergistic value creation. Community gives us, we give back to the community together we make magic.

We may you know, it is a synergistic relationship, it is a win relationship, we get together collaboratively we grow we develop as a unit. And that is why corporate social responsibility is so very important. Now that is all we have time for in this lecture, we will continue with some more discussion on corporate social responsibility in the next class.

Thank you very much for listening.