

Corporate Social Responsibility & Managerial Skills

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**CORPORATE
SOCIAL
RESPONSIBILITY**

International Development of CSR

- The concern for society within the business community has existed for centuries in many countries. Formal writing on CSR was most evident in US, followed by the United Kingdom and other European countries. The USA is generally regarded as the home of CSR. This is because the concept of specific company-level responsibilities emerged both as management and an academic concept in the USA, reflecting related cultural, economic, and political themes.

Historical Evolution of Corporate Social Responsibility





- Certain activities during the Industrial Revolution in the nineteenth century in Great Britain and the United States provided the context for modern day CSR. It was during this time that the industrial welfare movement was started. The criticisms concerning the working conditions in the factory system, widespread poverty, child and female labour, slums, and labour dissatisfaction led to various welfare schemes such as health care, recreational facilities, and the provision of meals.
- In the latter half of nineteenth century, along with schemes for employees, philanthropy was also on the rise. Social expenditure by a few companies, such as Cadbury, Heinz, Standard Oil, Macy's, showed their concern for the community.

- The emergence of the Young Men's Christian Association (YMCA) in London in 1844 and its extension to US was one of the first social responsibility initiatives. Companies were actively doing welfare programmes with the YMCA as a form of business philanthropy. The community chest movement of 1918-29 also helped in the evolution of CSR. The business grew more conscious of their social obligations as their interaction with the social agencies and community grew.
- In the industrial period, 1800-1930, with an increase in the size of corporations, the concern for society diminished. As economic power became concentrated in a few business houses, capitalists acquired considerable power. Companies started dominating and monopolising. The Great Depression of 1929 and the consequences arising thereby brought in new concerns and new business-society relationship.
- **Hay and Gray divide the development of CSR in America in to three phases.**
- Phase I, from the 1800s to early decades of 1900s, was a period of profit-maximising management wherein corporations strived for higher profits. The legal framework was in place, but unethical conditions like unsafe working conditions and child labour were ignored to achieve economic progress. Companies were heavily criticized for their approach and philanthropy was limited to specific groups and causes which benefited the company.

Historical Phases of Social Responsibility



Phase One: Profit-Maximizing Management

Business's primary responsibility to society is to underwrite the country's economic growth and to oversee the accumulation of wealth.

Phase Two: Trusteeship Management

Corporate managers need to maintain an equitable balance among the competing interests of all groups with a stake in the organization.

Phase Three: Quality-of-Life Management

Managers have to do more than achieve economic goals, but they should manage the quality-of-life by helping develop solutions for society's ills.

- In Phase II, during the 1920s and 1930s, the concept of trusteeship emerged. The decentralization of ownership of corporations gave way to trusteeship management. Different groups, such as labour unions, government, consumers, and community exerted pressure on corporations to address their issues. Companies started taking more responsibility for shareholders and the other groups. The notable philanthropic engagements in this period were the community chest and YMCA.
- Phase III started post-1930s. In this period, corporations became actively involved in social welfare programmes. Social and environmental problems, which emerged out of economic progress, took a front seat. The business started taking more social responsibility. Eberstadt labels the period from the 1930 to early 1970s as the “corporate period,” wherein corporations were seen as institutions with social obligations.
- In the 1950s, the literature on CSR started emerging formally. Bowen’s book, *Social Responsibilities of the Businessman*, was the starting point of modern literature on CSR.

Frederick highlighted the three main ideas of CSR that were prevalent in the 1950s:

- **a) the trustee ship model:** In the 1960s, increased attempts were made to formalize the concept of CSR due to pressure from social movements and civil society. The importance of the managerial approach to CSR was highlighted to help formulate CSR strategy.
- **b) maintaining a balance among different demands of various groups:** Various ideas, such as corporate responsiveness and corporate social performance, emerged in the 1980s. Their responsible actions and behavior of transnational companies led to the establishment of business ethical standards.
- **c) philanthropy as an expression of social responsibility:** The period of the 1990s can be termed as a period of diversification and globalization as contributions from companies for social activities grew, and social investment gained global popularity. The theoretical base formed in the earlier years paved the way for empirical research in the 2000s. Concepts like stake holder theory, corporate citizenship, and sustainability are now taking a central place in the CSR domain. CSR has now evolved to become a global concept with various contextual variations.

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Thank You!

