

Chapter ONE

Logic of Corporate Social Responsibility

Plan ahead-it was not raining when Noah built the ark.

– Howard Ruff

1.1 Introduction

Except for the concerns of labour exploitation by capitalists as theorised by Karl Marx in his renowned masterpiece, *Das Capital*, industrialisation is considered to be a panacea for all the social and economic problems faced by the humanity and for its overall welfare. Industrialisation too was in smooth sail for long in countries of different economic complexion – capitalist, socialist, communist and mixed economies. Advanced countries accepted industrialisation as the only path leading to development. Even the Middle and Low Income Countries (MLICs) too chose the same path resulting in the phenomenal growth of industries the world over. However, industrialisation has not only brought development but also pain and sufferings; more or less in equal measure. As a measure to overcome such pain and sufferings, Corporate Social Responsibility (CSR) breathed its shape and substance.

Though this book does not aim at theoretical discussion on CSR, the essence of the book necessitated a modest description of different facets of it covering context, concept, scope, genesis and development of CSR in a nutshell. Discussion on the working of CSR in advanced countries and MLICs, and the role of international and national agencies in its implementation is also quite essential. Having a bird's eye-

view of the role of the government in fund allocation for CSR, target and activities of CSR and the issues of immediate concern faced in implementing the CSR is equally essential. However, to understand the logic behind CSR, it is necessary to know the development paradigms that promote industrialisation.

1.2 The Development Dilemma

The economic status of a country is determined by its industrial growth irrespective of its socio-economic and political system. In tune with such a measure, per capita use of industrial goods and services continued to be an important indicator of standard of living of the people of a country. Negative shades of industrialisation, like environmental degradation and social, economic, political and cultural problems associated with industrialisation remained buried in the aeons of development history. The spurt in health and environmental problems on one hand and sudden awakening of environmentalists all over the world opposing exploitation of natural resources beyond recoupable levels on the other have forced the industrialists, governments and other stakeholders like communities of the neighbourhood industries to think beyond goods and services coming from industrial units and profit-making through industrialisation.

In addition, a few development theorists and environmentalists have cautioned about the logic of using industrialisation as a measure of development and espoused the need for using Mahabub ul Haq's Human Development Index (HDI) as an appropriate measure. The dilemma got strengthened in both industrialised countries as well as in industrially developing countries, as all are facing the serious social, economic, environment, health and ecological problems like depletion of natural resources, rise in pollution, rise in temperature, depletion of ozone layer, depletion of ice stocks, rise in sea levels and loss of livelihood.

Industrialisation is found to be the main reason for all these debacles faced by the humanity. Apart from the intelligentsia, even the common man enlightened by environmentalists, ecologists, NGOs and print and electronic media is vehemently protesting against the ill-effects of industrialisation.

In addition, the pricing and aggressive marketing practices of industrialists and the growing disparity between the haves and have-nots, created a cleavage leading to disharmony between companies promoting the industries and those opposing unfiltered industrialisation in the society at large.

Sufferings experienced by MLICs with industrialisation, however, went beyond environmental issues. Important among them are industrial units having no mechanism to provide livelihood to all the industrial displaced people, and subsistence nature of economies of MLICs had no scope to absorb them with alternative livelihood. Though governments took certain steps to address such issues, the steps proved to be insufficient. So it has been realised that making the industrial houses alone responsible for addressing the problems arising out of industrialisation would help in solving the issues as was evidenced in the past. It is in this context, the CSR breathed

Few Pages are not available
