

# PRAJNAN →

## Journal of Social and Management Sciences

ISSN 0970 – 8448

Vol. XLII No. 4

January – March 2014

**An Evaluation of Financial Inclusion through  
Mahatma Gandhi National Rural  
Employment Guarantee Programme**  
*Amit Kundu*

**Impact of Organizational Characteristics on  
Business Intelligence Applications: A Study of  
Financial Performance of Selected Indian Banks**  
*Azimuddin Khan*  
*Karunesh Saxena*

**Plastic Money Holders of ICICI Bank Customers  
in Davangere District: An Empirical Study**  
*V Vimala*  
*K S Sarala*

**Present Status and Challenges of  
Sugar Industry in Punjab**  
*Gurpreet Randhawa*  
*Ashutosh Gupta*



**National Institute of Bank Management**



## **Soulful Corporations – A Values-Based Perspective on Corporate Social Responsibility**

**Shashank Shah**  
**V E Ramamoorthy**

Springer India, 2014, 608 pp, Price \$69.99.

**Reviewed by** *Mr M V Tanksale*, Chief Executive and *Mrs Jayasree Menon*, Vice President, Indian Banks' Association, Mumbai, India.

India is the first country to pass a corporate responsibility law requiring larger companies to spend 2 percent of each year's profit, on initiatives such as poverty eradication, education, health care, housing, environment issues, etc. with a view to facilitate equitable distribution of both natural and man-made resources. In India, many companies are successfully undertaking Corporate Social Responsibility (CSR) activities not because of the law, but because of their own mission. Against this background, the book "Soulful Corporations" is significantly relevant.

### **Evolution of Need and Importance of CSR**

This book extensively covers the evolution and role of CSR in society. The book is divided into 12 captivating chapters. The first chapter touches on the harmful effects of short-sighted growth initiatives. Inequality traps, adverse effects of global warming, population-related issues, poverty of the underdeveloped countries, water scarcity, and depletion of ozone layer are highlighted in the chapter. Though, the governments of both, developed and underdeveloped countries have a major role to play, to mitigate these problems, the authors highlight the fact that corporate involvement, commitment and contribution are crucial, not because the governments have failed, but because the corporates have the scale of resources to make a positive difference to the lives of the people over and above their prime responsibility of managing their business. In the second chapter the authors provide an elaborate description of various means by which the companies create problems to the economy and environment. Various case studies such as Nestle's Infant Formula controversy, Union Carbide India and the Bhopal Gas Tragedy, and several other cases have been dealt in detail to draw the attention to the fact that corporations indeed have a significant CSR duty to perform. All the case studies narrated in the chapter throw light on how the society suffers due to corporate negligence of their duty towards society when they focus solely on their growth and profit.



### **Globalization with Human Touch**

Authors devote the next two chapters on disadvantages of globalisation if it is pursued purely for economic development with scant regard for social well-being. The evolution of various international codes of conduct with a view to develop an understanding among nations on carbon emissions, pollution and other social issues are dealt in detail. The Millennium Development Goals (MDGs), the outcome of the United Nations Millennium Declaration, are an understanding among nations to end (a) extreme poverty and hunger (b) achieve universal primary education (c) promote gender equality and empower women (d) reduce child mortality (e) improve maternal health (f) combat HIV/AIDS, malaria and other diseases (g) ensure environmental sustainability (h) develop a global partnership for development. Progress achieved in these goals across the globe and in India during the first 15 years is extensively covered in these chapters.

An interesting aspect of this book is how the issue of CSR is dealt. While charting the evolution of CSR in the present form, the authors have made it clear that development needs to be sustainable. It is viewed as simultaneous economic, social and ecological development of societal and economic systems, and forms the foundation for CSR. CSR that evolves from 'a desire to do good' could be regarded as a normative case. But CSR that reflects 'enlightened self-interest' could be interpreted as the business case. The social contract theory of CSR is based on the conviction that corporations owe their existence to cooperation and commitment of the society and that they derive their 'license to operate' from the society.

### **CSR: The Mantra of Sustainability**

CSR and performance of the company are not mutually exclusive. Actually, they complement each other. A firm that develops dynamic strategic capabilities to include aspects such as pollution prevention, product stewardship, sustainable development, etc. and keeps its focus on continuous improvement, stakeholder integration and shared vision is bound to have a definite competitive edge. A couple of chapters have been devoted on how a company could adopt an effective CSR model. The essential elements of an effective and strategic CSR programme are: (a) Leadership, evidenced by vision and commitment of the CEO and the top management; (b) A clear and written CSR Policy; (c) Programme addressing the needs of the company and its stakeholders; (d) Installed mechanisms to implement effectively and efficiently the programmes; and (e) Measurement and reporting the impact of CSR programme.

### **Evolution of CSR in India**

How CSR has evolved as a policy in India is dealt in detail in chapter seven of the book. CSR in the Indian context has come a full circle; from the ancient times when the merchants and their guilds collectively contributed to the welfare of the society to the passing of the new Companies Act with a mandatory provision for



CSR. The authors reiterate that Indian corporate mindset should change to look at CSR not as mere giving, but as social investment in creating infrastructure, resolving resource crunch and sustaining natural capital. Case studies of certain public and private sector companies are given in the chapter substantiate these points. With proper assessment and selection of related projects or schemes, their initiatives are also bound to be financially rewarding.

### **About Corporate Citizenship**

Chapter eight, nine and ten extensively cover the concept of Corporate Citizenship, its evolution in the world and in India and various case studies of Indian companies which are adopting this model. Corporate Citizenship implies a comprehensive initiative on the part of a company to ensure that the expectations of all the stakeholders receive active consideration and appropriate response. External pressure and internal urge have been the driving forces behind corporate commitment of Corporate Citizenship.

### **Role of Socially Responsible Investors**

Socially Responsible Investing is also dealt in detail in this book. Socially responsible investing integrates personal and social values with investment decisions. Over the decades, the concept of socially responsible investment has expanded in its scale and width from a marginal use by a small number of unit trusts and mutual funds to a mainstream investment philosophy actively adopted by large pension funds and insurance companies in the developed countries. Though, those who favour Socially Responsible Investment are increasing, there are others who express concern over the viability of this concept. Their concerns are related to likely profit erosion and the high operating costs while following this approach. However, it is proved beyond doubt by a McKinsey & Company study that investors are prepared to pay a premium of greater than 20 percent for shares of companies that demonstrate good Corporate Governance.

### **Integration of Individual CSR with Corporate CSR Framework**

Individuals who work in a organization have to imbibe the spirit of the organization. This is focused in detail in Chapter 11 of the book. The Company adopts the CSR principles at the organizational level and later spread it to the community. By involving in CSR initiatives of the company, the employees get the opportunity of self-transformation as better professionals and good human beings.

The last chapter deals with the 'Uncovering the Corporate Soul'. In the chapter, it is observed that when the corporate soul is dormant, people in the organisation lack a sense of purpose and direction and show little enthusiasm or commitment in work. Corporations with souls are the ones that honour their commitments and function with honesty and integrity. Healthy companies 'think and feel'. They focus on fair return and growth, and at the same time are committed to social responsibilities. These companies have a soul and are active partners in shaping



a humane and harmonious world. Finally, the authors observe that we are going through the 'Transactional Phase of Globalisation focused on Wealth'. We need to transform and move into a phase of 'Globalisation focused on Welfare'. Finally, we have to embrace the ideal stage of "VasudhaivaKutumbakam" focused on Universal Well-being.

The book also includes quotes from spiritual leaders and philosophical books encouraging the human being to love each other and commit something for the welfare of the society. On the whole, the book is informative, interesting and worth reading.

What is a company without a Soul? Do we really have to search for Soul? It is always a give and take situation. Society gives an individual as well as an organization many things. It is upto us to use our wisdom not to harm the society. At the same time, we need to contribute according to our capabilities towards the welfare of the society. Then only we all will be one with the society.

---